

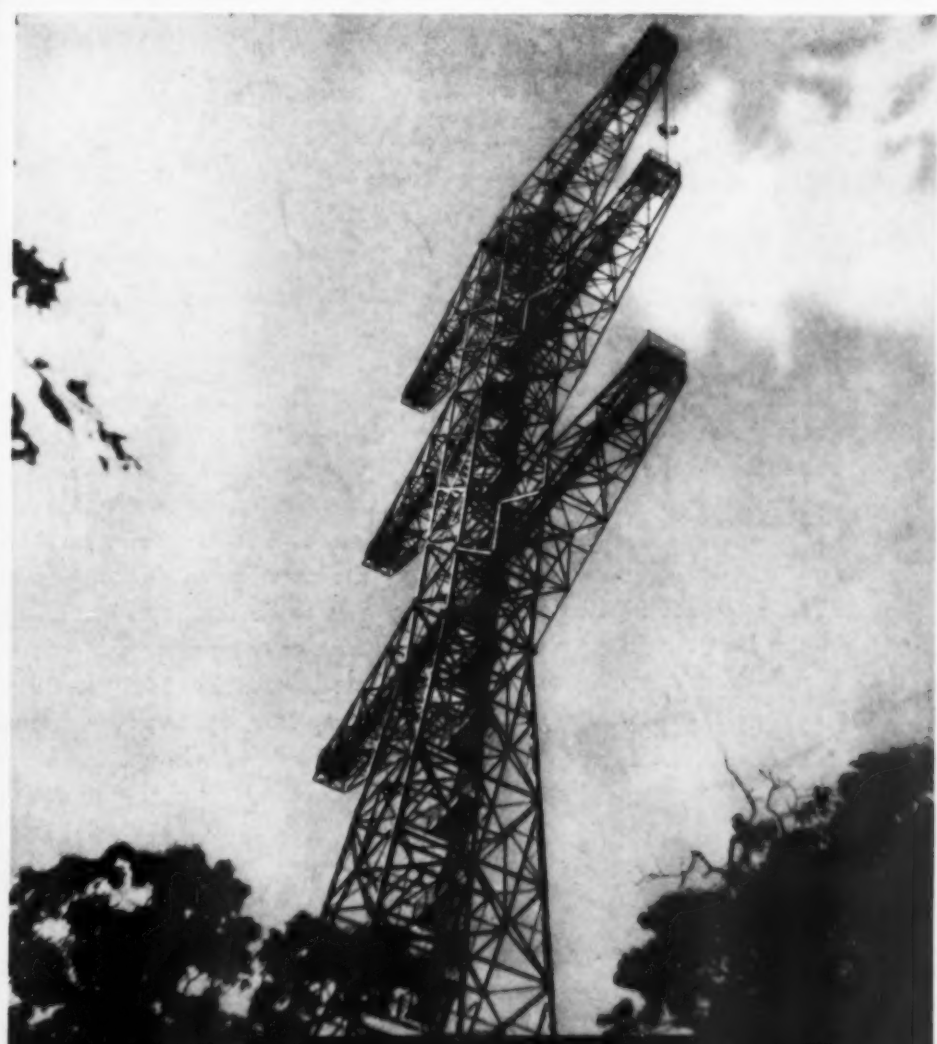
MAR 25 1940

# BUSINESS WEEK

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Symbol of a new industry—frequency-modulation radio; having its day in court this week.

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Is there *EVER* a time  
you *DON'T* want lower costs?

**T**HERE are two times to invest in new cost-cutting turret lathes—when you're busy and when you're not. When you're busy, the greater speed and production of modern Warner & Swaseys help you get out more work, on time, at a profit. When you're not busy, the lower cost-per-piece that a modern Warner & Swasey gives you is vital to the very existence of your plant.

In the past, many managements waited until they could see a long

period of expanding business ahead, before they would invest in modernization. Today modern managements know that *whatever* is ahead, the best way to meet it is to be on the basis of the lowest possible costs—and the best way to do that is to invest in modern Warner & Swaseys that cut cost per piece as much as 50%, cut and often end scrap loss, operate at minimum maintenance, and win workmen's approval because they are easy to operate.

**WARNER  
&  
SWASEY**  
Turret Lathes  
*Cleveland*

YOU CAN TURN IT BETTER, FASTER, FOR LESS . . . WITH A WARNER & SWASEY

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## Goodrich Makes a Molehill Out of a Mountain

*A typical example of Goodrich improvement in rubber*

CUTTING down a mountain and carting it away is an everyday job for the 1940 contractor. Out at California's Shasta Dam, on the Pennsylvania Turnpike, and on dozens of other dirt-moving projects, trucks and scrapers carry 25 to 30 tons at a load.

And they haul these loads on rubber tires! In fact, without machinery equipped with pneumatic tires, many of these projects would be impossible—except at a prohibitive cost. Goodrich engineers designed special tires—some of which weigh over 500 pounds—for just such service. Tires to withstand the crushing jolt of tons of dirt and

rock dumped from a steam shovel. Tires that plow through loose sand, over jagged rock on the toughest jobs man ever handed rubber!

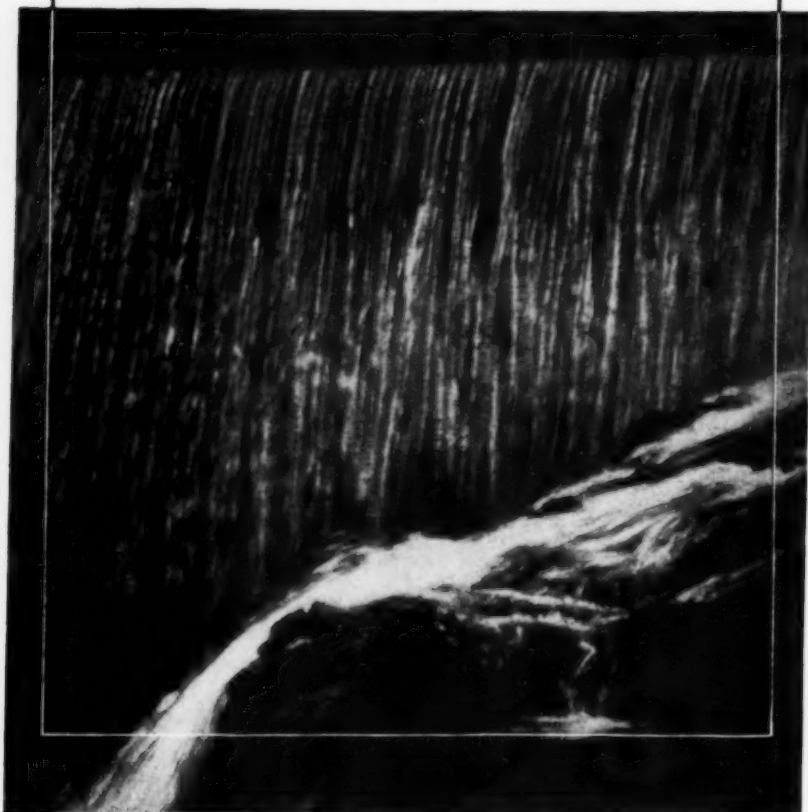
Goodrich can give you tires with a load capacity of 9 tons each. But even if you don't have these back-breaking loads you can still get the savings Goodrich is passing out to truck owners. The 1940 Goodrich line includes special

types and sizes of truck tires for every kind of service—from panel delivery trucks to the biggest earth-moving juggernauts.

The new Silvertowns are Triple Protected against premature failures. They're treaded for extra miles. Call a Goodrich Dealer or Goodrich Silvertown Store when you think of tires. It will save you money. Remember which, the name's Goodrich! The B. F. Goodrich Company, Akron, Ohio; Los Angeles, California; Kitchener, Ontario.

**Goodrich Silvertowns**  
FOR TRUCKS AND BUSES 

## OUR WEEK'S WASH TAKES 77,000,000 GALLONS



EVERY DAY is wash day at Hammermill. That's why our pumping station must draw a cool million gallons of Lake Erie water ashore each hour of the day, treat it, filter it, distribute it—enough water to serve a city of 125,000.

In one week 77,000,000 gallons of that water go for washing operations alone—washing pulpwood logs; washing the cooked pulp fibers, over and over again; flooding and floating the fibers after they have been bleached to a snowy white—a continuous,

enormous laundering operation.

Even as the pulp is becoming paper, on the block-long paper machines, it swims in a sea of water—99½% water up to a single minute before it comes off the machine as Hammermill Bond.

All this water usage is vital in making good paper. It's one example of the care we take to make sure that every sheet of Hammermill Bond looks like quality, feels like quality, is quality—a paper good enough to carry the watermark: Hammermill Bond.

Interested in paper making? Send for folder "Spruce Tree to Writing Paper"—free. Write on company letterhead to Hammermill Paper Co., Dept. BW-323, Erie, Pa.



LOOK FOR THE WATERMARK. IT IS HAMMERMILL'S WORD OF HONOR TO THE PUBLIC

## THIS BUSINESS WEEK



The 400-foot tower soaring up on this week's cover rises over the Palisades, near the town of Alpine, New Jersey, just across the Hudson River from New York. Known as station W2XMN, it was the first to transmit radio programs on a new kind of "frequency-modulated" wave. In 1938, the inventor of frequency modulation radio, Major Edwin H. Armstrong, a Columbia University professor, sent out his first broadcasts. Now frequency modulation's proponents figure the system has been thoroughly tested—and found not wanting. They say it has lived up to the claims that it would eliminate static, fading, and interference. It's time, they think, for frequency modulation to take its place on the broadcast band. This week they were in Washington to tell the Federal Communications Commission why—page 7.

### Lend-Spend

THE PRESIDENT isn't ready to listen yet, but, because of the course of business, the idea of a government lend-spend program is being boosted in Washington. The "official" plan, a bill sponsored by Sen. Andrews, would provide over a billion dollars' worth of works, without affecting the debt limit—page 15.

### Investment Trust

FOR FOUR YEARS the Securities & Exchange Commission has been investi-

BUSINESS WEEK • MARCH 23, 1940 • NUMBER 551

(with which is combined the Magazine of Business). Published weekly by McGraw-Hill Publishing Company, Inc., James H. McGraw, Founder and Honorary Chairman, Publication office, 99-129 North Broadway, Albany, New York. Editorial and executive offices, 330 W. 42nd St., New York, N. Y. James H. McGraw Jr., President; Howard Ehrlich, Executive Vice-President; Mason Britton, Vice-Chairman; B. E. Putnam, Treasurer; D. C. McGraw, Secretary; J. E. Blackburn, Director of Circulation. \$5.00 per year in U. S. A., possessions year in all other foreign countries; 25c per copy. Entered as second-class at the Post Office at Albany, N. Y., under the Act of March 3, 1879. Printed by the McGraw-Hill Publishing Company, Inc.

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gating the investment trusts. Last week—the SEC finally sent up a bill to Congress. Though the investment trusts no longer object to the idea of federal regulation (they've got used to that prospect by now) they're steamed up over the bill, and all the things it leaves to the judgment of the SEC. Not that it's expected to start a trend, but coincidental with the bill, Atlas Corp. decided to clear out of the investment trust field this week—page 16.

### Cotton

COTTON ROSE are making another bid for a market, and the cotton industry is shouting hosannas. Next week, Gotham Silk Hosiery Co., big silk stocking producer, starts moving full-fashioned cotton stockings into its 10,000 retail outlets. If they go over, the blow which the industry suffered when cotton-asphalt roads were declared n. g. last month will be materially eased.

Meanwhile, the National Cotton Council takes a good square look at its many markets—tires, bags, dresses, etc.—and evaluates the prospects for increasing sales in each—page 20.

### Besides

THE ANTHRACITE INDUSTRY is still bedeviled by that bootleg mining problem in Pennsylvania's coal fields, but 27 leggers have taken the problem into their own hands—page 25 . . . The Hearst strike of the Chicago Newspaper Guild has been going on for 16 months now—long enough to put the strike on a new and solid business basis—page 32 . . . More news of P.M., the tabloid newspaper which makes its bow in New York on June 1—page 38.

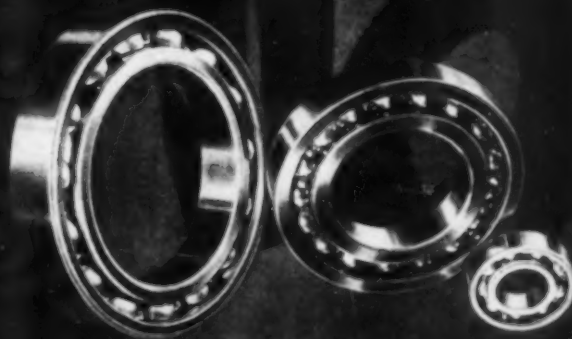
### Coming Attraction

NEXT WEEK BUSINESS WEEK runs its quarterly summary of the regional business outlook—an analysis of national business trends and their bearing on the 12 basic industrial and agricultural areas of the country.

### Intramural Joke

JUST TO show that reporting for a business magazine can be as hazardous an occupation as, say, pearl-diving, look what happened to our Chicago correspondent while he was working on a story on small combines last week. He sent us the story. We read it and got him on the phone to check some points he made about an Allis-Chalmers and a couple of Deere machines. He was at his home, but he had all the information we wanted right at his fingertips, and after a brief, strictly business, conversation, we hung up. We never knew until he told us that after he put down the receiver that night he turned away from the phone to face his wife, who stood there, with narrowed eyes, and coldly asked him, "Now what's all this about Alice and the two dears?"

# Forged for Endurance



To get greatest strength, endurance  
and uniformity—essential qualities in  
anti-friction bearings—New Departure  
forges both race rings and balls.

## NEW DEPARTURE THE FORGED STEEL BEARING

*Nothing Rolls Like a Ball*



Write to Main Office, New Departure, Division  
of General Motors, Bristol, Connecticut for  
engineering consultation and 150 page book,  
"Why Anti-Friction Bearings."



Authorized automotive and industrial replacement bearing service, wherever you see the United Motors Service sign. Authentic records. Complete stocks. Prompt delivery.

## GONE WITH THE WIND...



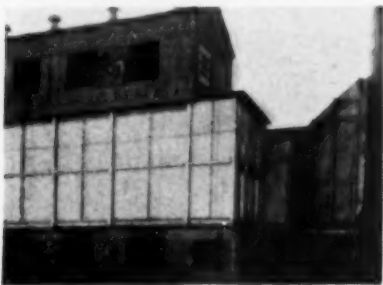
• Industries can't prevent the production of dust—always a nuisance, often valuable. They can collect it, and prevent its dispersion. Get it at the source. Protect your plant, equipment and product. Improve employee morale. Win the good will and safeguard the health of your community.

• Now be selfish. Find out if you are blowing money up your stacks in fugitive values. A smelter discovered that it was losing a million dollars a year in gold, silver and lead that was gone with the wind—in fume. A power plant obeys the local smoke prevention ordinance and is permitted to operate economically in a central location by keeping its stacks clean.

• For 34 years Cottrell Electrical Precipitators have been the only type of equipment that can—and does—collect anything suspended in any gas—solid or liquid—red hot or ice cold—wet or dry—irrespective of particle size. Available in any capacity.

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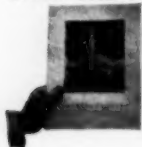
**PRECIPITATION COMPANY OF CANADA, LTD.**  
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PIONEERS in DUST and FUME CONTROL



Cottrell Electrical Precipitator collecting cement dust. Average recovery is 100 pounds per barrel of production, most of which is returned to the kilns.

## COTTRELL

**ELECTRICAL PRECIPITATORS**  
TAKE THE DUST OUT OF INDUSTRY



Write now for your copy of a new brochure giving amazing records of Cottrell performance.

Designers and Builders of the only complete line of both Electrical and Mechanical Equipment for the control of Dust, Fog, Fume and Mist.

## NEW BUSINESS

### Our Times

THE BRITISH GOVERNMENT is reported to have placed an order with Stokely Bros. & Co., Indianapolis canners, for a trial order of "field ration, type C"—a substitute for hardtack and bully beef newly-developed by the Quartermaster Corps of the U.S. Army. The whole layout, expected to last a soldier for three days, consists of a 15-oz. can of beef stew, one of meat and vegetable hash, one of pre-cooked meat and beans, plus cans of crackers, sugar, and coffee.

### Sweet Wine Cache

LAST SEPTEMBER some 30 sweet wine producers of California's San Joaquin Valley formed Central California Wineries, Inc. Object was to prevent price-cutting caused by unloading of distressed gallage. Another hope was improvement of quality in preparation for a national advertising drive (not to be confused with the Wine Industry Board's).

In Fresno last week, C. C. W. announced purchase of the L. M. Martini winery at Kingsburg, one of the half dozen largest in the sweet wine industry. The purchase and plant additions involve about \$1,000,000. Result will be two-fold: (1) Storage will be increased by 1,000,000 gal., and (2) a supply of aging wines adequate to meet trade demands for quality will be established.

### Magnesium to Double

DOMESTIC PRODUCTION of metallic magnesium—which runs at an annual rate of 12,000,000 lb.—is due to double late this summer when Dow Chemical Co. completes its new plant for extracting "industry's lightest structural metal" from sea water at Freeport, Tex. Previous operations have been at the company's main plant at Midland, Mich., where magnesium-bearing brine is pumped from local wells, subjected to complicated electrochemical processes, and the consequent metal alloyed with other elements to form Dowmetal. Back of the increased capacity are insistent demands of the aircraft, electric appliance, and other industries. Austin Co., of Cleveland, has the construction contract for the \$5,000,000 project.

### Add Our Times

BONNEVILLE DAM may bag another industrial customer when conferences between the dam administrator and the Pennsylvania Salt Manufacturing Co. of Washington are completed. The company is considering building a new plant which would utilize electricity from Bonneville, but until the deal is concluded nobody will talk figures. . . . Want to know what's what on state laws in all 48

states? Institute of Distribution, 570 Seventh Ave., New York, has boiled down information on the presence or absence of such laws as sales taxes, chain store taxes, fair trade acts, and minimum wage laws for a state-by-state chart.

According to a hotel magazine publisher, the Ahrens Publishing Co., a coast-to-coast survey of bars in restaurants and hotels shows Scotch and soda to be the No. 1 American drink. Martinis, Manhattans, and Bourbon highballs trailed a long way behind. . . . Last January, Lackawanna County, Pa., "bought" about 6,000 tax delinquent properties when no buyers turned up for them at public auction. Since no tax revenue can be charged up against the county-owned property and since the county's real estate bureau has to try to collect rents from the former owners, tax authorities in the county now feel that the mere cost of holding the January sale will exceed anything the county gets out of it.

### F-M for Cops?

AS FREQUENCY MODULATION experts assembled in Washington this week for Federal Communications Commission hearings on their fight for more wave bands (see p. 7), the Chicago police department was testing f-m for two-way radio communication between squad cars and headquarters. Reporting on the success of the experiment, which may mean a switch-over to f-m for the Chicago police, engineers said that conversation over the static-less, shortwave hook-up was completely intelligible, while ordinary equipment working on standard wavelengths was hindered by automobile engine static and other outside disturbances.

### Amateurs vs. Disaster

NEXT TIME a sleet storm, hurricane, or other calamity disrupts communications along the Illinois Central right-of-way, amateur radio operators may step into the breach for the company. Employees of the railroad who have licensed stations have been queried by the telegraph and signal department on their availability for emergency work.

### Upper, Middle, Lower Berth

MAKING A BID for the thrifty tourist's dollar, the Pullman company is building two sleepers with three-tiered berths at its Chicago plant. The three-deep feature will give each of the experimental cars a 45-passenger capacity, as compared with the 36-passenger capacity of a standard Pullman. When the cars are turned over to railroads for tests, they are expected to operate profitably at coach rates with only a moderate charge for the berths—around \$1 per night.

## WASHINGTON BULLETIN

WASHINGTON (Business Week Bureau)—American manufacturers will keep on supplying Britain and France with next-to-the-last editions of fighting and bombing planes. Roosevelt, Morgenthau, Edison, Louis Johnson—everybody but Woodring—are determined on this. And Woodring has been spanked for muddying the water.

The Administration is committed to the proposition that the more our producers do for the Allies the better shape the U.S. will be in for any emergency.

### Congress Will Get Nowhere

CONGRESSIONAL INVESTIGATIONS of this matter are just demi-tasse storms, sure to get nowhere, regardless of testimony. To change the Administration's present policy would require affirmative action in both the House and Senate by the two-thirds vote necessary to override a veto. And Congress won't achieve that. As a matter of fact, even now Congress is diverted by Jimmy Cromwell's pro-Ally speech, which lets individual isolationists get their teeth into something without forcing a showdown on policy.

### Mad at O'Mahoney

VARIOUS MEMBERS of the Temporary National Economic Committee feel that its coming inquiry into technological unemployment has been discredited in advance by Chairman O'Mahoney's espousal of a bill to tax machinery (BW—Mar 16 '40, p. 72). Witnesses who accepted in good faith the committee's invitation to appear at hearings beginning April 8 also protest that the case for technology has been pre-judged by the Senator's action, although he doesn't speak for the committee.

Hints that O'Mahoney is playing politics are not substantiated. Up for re-election this fall, the Senator is facing trouble in Wyoming, but in the oil and cattle country his sponsorship of a scheme to please organized labor is little more than a gesture.

### New Power Grid Plan

ROOSEVELT'S Power Policy Committee has approached utility officials with a new plan for erecting a power grid system anticipating eventual development of the St. Lawrence. Less pretentious than the \$600,000,000 Tate plan (BW—Dec 9 '39, p. 40), the proposal contemplates expenditure of \$190,000,000 for construction of government-owned high tension lines connecting New York, Philadelphia, Pittsburgh, Buffalo, Cleveland, Cincinnati, Toledo, Detroit, and Chicago, to be financed by the sale of Treasury-guaranteed bonds. Private companies tapping the line would, of course, do so at their own expense.

Obviously scaled down to lessen resistance from the utility industry and Congress, the new plan nevertheless would form the first stage in a larger system estimated to cost \$400,000,000.

### Boston Excluded

BOSTON is tentatively excluded from the initial setup in order to keep down the cost. Also eliminated are connections with the TVA and construction of standby steam plants at strategic points. It's understood that assurance has been given to the private companies by Leland Olds, vice-chairman of the Power Policy Committee and chairman of the Federal Power Commission, and Ben Cohen, counsel for the committee, that the government would not seek to control resale rates on power tapped from the grid lines. Big immediate advantage claimed for the grid system is diversification of load, putting in "cold storage" plants now idle but available to meet peaks.

### Wagner Act Nose Count

THIS IS THE WAY the House and Labor Committee stood (by a count of noses in an executive session) as it started consideration of proposed amendments to the Wagner Act: Of the 21 members, 11 definitely favored amendment, on the

broad proposition that the committee should not deny the House an opportunity to vote on the subject, although they differed on how far amendments should go. Eight definitely opposed amendment; two were non-committal. This division in Chairman Mary Norton's committee supports the prediction that if the bill gets out of the committee it will not go far.

Most favored in the committee is a proposal to enlarge NLRB's membership from three to five, in the belief that most of the trouble has been due to administration. Next comes a provision specifically granting to employers the right to petition for an election. Several influential members also appear to favor an amendment redefining the unit of representation. Object is to prevent displacement of a bargaining union which has a satisfactory contract by being compelled to unite with a larger union, or the reverse.

### Wage-Hour Unrest

AGITATORS for Wage-Hour Law amendments pin their hope on swinging them in behind the Wagner Act in the House, but prospects haven't improved. Farm interests are wholly dissatisfied with Administrator Fleming's decision to con-

## Frequency-Modulation Radio Gets a Hearing



Frequency modulation ("staticless radio") began its day in court this week, before the Federal Communications Commission, with testimony by E. H. Armstrong, the inventor (above), and John Shepard, III, president of New England's Yankee network. Armstrong requested that one of the television channels be turned over to f-m, allowing 30 additional

assignments, sufficient for a national allocation. Shepard presented 11 resolutions drawn up by "F-M Broadcasters, Inc.," representing 55 of the 100-odd applicants for f-m permits, urging immediate commercial operation of f-m on an equal footing with standard broadcasting, and asking more ether space be found "without undue injury to other services."

Wide World



## *This* **HERCULEAN HELPER** WANTS TO WORK FOR *You*

**25¢ AN HOUR** hires more tireless brawn than you've ever had in your plant—a powerful, versatile helper that “picks things up and goes places with them” . . . right now! Any place, in ANY kind of business, he's on the job 24 hours a day, every day. He carries up to a ton faster than a man walks and lifts it up to a 14 ft. ceiling. He'll speed up operations in every part of your plant and save money by doing the heavy jobs single-handed.

Write for complete details about **MOBILIFT**. Prices begin around \$1000 at factory. Vaughan Motor Co., 837 S. E. Main, Portland, Oregon.



**MOBILIFT**

duct field inquiries into the effect of the present definition of “area of production” and are pressing again for statutory definition. Rep. Barden of North Carolina is preparing to demand action on the floor on amendments sponsored last session.

The “white collar” inquiry granted by Fleming to the wholesale trade falls short of satisfying those wanting an amendment for industry at large exempting office employees from both hour and wage provisions. But the dissatisfied elements are divided over whether the line should be \$150 a month, or more or less. Both farm and industrial interests dislike rulings on seasonal operations and are demanding a change. Some movement in the Senate is indicated by appointment of a sub-committee to handle the subject which, headed by Senator Pepper of Florida, would probably give a break to agriculture.

### Housing Post for Quill

U. S. HOUSING AUTHORITY will shortly appoint Michael Quill, president of the Transport Workers' Union and chairman of C.I.O.'s housing committee, as a dollar-a-year consultant. The appointment is being made at the request of C.I.O., which wants to air a number of grievances about the housing program.

C.I.O. feels that members of its Construction Workers' Organizing Committee are being discriminated against on the construction jobs in favor of A.F.L. workmen. Also, from the tenant viewpoint, C.I.O. wants a committee named to study the housing problems of mine and textile mill towns. C.I.O. is getting ready to push its own plan for unsubsidized low cost housing.

The plan being discussed would involve sale of houses through the unions for builders willing to develop large low-cost subdivisions—employing, of course, C.I.O. labor.

### Reorganization No. 3

GOVERNMENT REORGANIZATION is up again. Plan No. 3 was submitted to Roosevelt before he went south but he ripped it full of holes. Because the White House doesn't want to risk any fighting on Capitol Hill, controversial provisions—notably transfer of Forest Service from Secretary Wallace to Secretary Ickes—were eliminated. Now the redrafted plan is reported ready for its trip to the Capitol.

Trend in reorganization points to transfer of Food and Drug Administration from the Agriculture Department to Paul McNutt's Federal Security Agency, with possible amalgamation with Public Health Service. FDA doesn't object so much to being moved but would hate to lose its identity. Farm organizations are loudly opposed. Another possibility is formation of a consumers' bureau in FSA. Regulated industries won't object to the shift if FDA maintains identity,

but will fight domination by Public Health doctors or a consumers' bureau.

### Cane-Corn Court Test

THE CANE-CORN SUGAR fight that has raged around the Food and Drug Administration for years has finally landed in court. First to challenge legally a regulation or standard under the new Food, Drug, and Cosmetic Act, the sucrose interests have filed a petition in the Second Circuit Court of Appeals at New York asking a review of recently promulgated standards for canned fruits.

Petitioners contend that the standards are contrary to law because they don't call for label declaration when dextrose is used as a sweetening ingredient. Secretary Wallace has announced that his policy will be to permit use of dextrose without label declaration.

### No Auto Dealer Code

HEADED for the ashcan are the Federal Trade Commission's trade practice rules for the automobile industry (BW—Mar 16'40,p.30). The National Automobile Dealers' Association, through Donald Richberg, says the changes favored by FTC are inadequate in regulating maker-dealer relations and unenforceable in all other respects. Makers aren't opposed if ambiguities in rules can be cleared up; but they gave only lukewarm support to the proposals at this week's hearings.

### Washington Pillbox

IN THE SQUABBLE over the extent of unemployment in which Columnists Arthur Krock, Dorothy Thompson, General Hugh Johnson, et al., are luxuriating, a memorandum prepared by a prominent federal agency, usually very watchful of its dignity, reads: “Dorothy Thompson's figure needs examining” . . . In launching a drive to enroll college and university students into the College Republicans of America, John D. M. Hamilton is following the lead of the quiescent Liberty League, which had 20,000 members in more than 300 college chapters in its heyday. . . . Increase to 33½¢ in the minimum wage of the knitted underwear industry and to 35¢ in the knitted outerwear industry ordered this week by Administrator Fleming will be followed early next month by an order increasing the minimum wage in the shoe industry to 35¢. . . . Hull's chances won't be hurt by those log cabin-in-the-backwoods pictures recently dug up by a squint magazine. Observers opine the country is ripe for the log cabin-to-White House story. . . . On the other hand, there's speculation as to how the Taft “born-to-the-purple” story may hit the voters this year. . . . The Attorney General's Administrative Law Committee report on the Federal Alcohol Administration suggests declaratory formal rulings on liquor advertisements—thus permitting appeals from adverse rulings—and hits at loose use of press releases.

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#### THE PRO

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Cotton  
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#### FINAN

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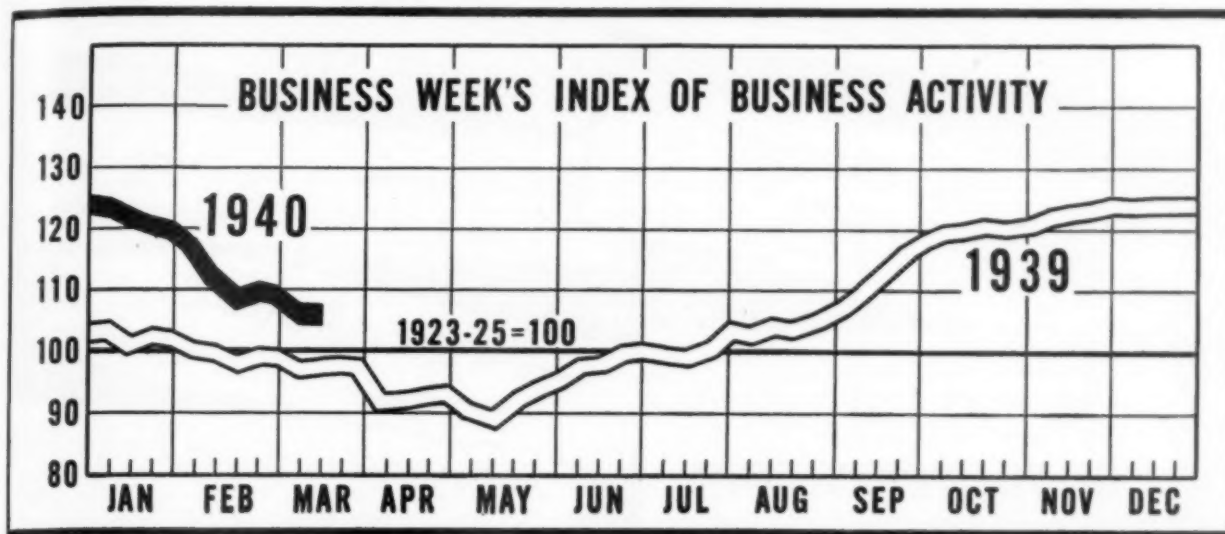
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#### STOCK

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## THE FIGURES OF THE WEEK



## THE INDEX.....

\$Latest Week	Preceding Week	Month Ago	6 Months Ago	Year Ago
*107.4	†107.7	110.2	114.0	99.1

## PRODUCTION

Steel Ingot Operations (% of capacity).....	62.4	64.7	67.1	79.3	55.4
Automobile Production .....	105,720	103,580	95,050	41,245	86,725
Engineering Construction Awards (Eng. News-Rec. 4-week daily av. in thousands).....	\$8,431	\$8,465	\$9,210	\$10,123	\$9,438
Electric Power Output (million kilowatt-hours).....	2,460	2,464	2,476	2,444	2,225
Crude Oil (daily average, 1,000 bbls.).....	3,890	3,829	3,718	3,422	3,384
Bituminous Coal (daily average, 1,000 tons).....	1,378	1,467	1,642	1,535	1,345

## TRADE

Miscellaneous and L.C.L. Carloadings (daily average, 1,000 cars).....	68	68	65	77	65
All Other Carloadings (daily average, 1,000 cars).....	36	38	39	50	33
Check Payments (outside N. Y. City, millions).....	\$4,142	\$4,675	\$3,713	\$4,256	\$4,019
Money in Circulation (Wednesday series, millions).....	\$7,463	\$7,461	\$7,411	\$7,235	\$6,751
Department Store Sales (change from same week of preceding year).....	+11%	+6%	None	+4%	+2%

## PRICES (Average for the week)

Spot Commodity Index (Moody's, Dec. 31, 1931=100).....	157.4	159.0	160.2	169.5	142.7
Iron and Steel Composite (Steel, ton).....	\$36.86	\$36.83	\$37.00	\$36.76	\$36.39
Scrap Steel Composite (Iron Age, ton).....	\$16.54	\$16.71	\$16.71	\$19.25	\$15.17
Copper (electrolytic, Connecticut Valley, lb.).....	11.375¢	11.500¢	11.296¢	12.000¢	11.250¢
Wheat (No. 2, hard winter, Kansas City, bu.).....	\$1.00	\$1.00	\$0.98	\$0.86	\$0.69
Sugar (raw, delivered New York, lb.).....	2.81¢	2.81¢	2.83¢	3.68¢	2.86¢
Cotton (middling 1/8", ten designated markets, lb.).....	10.35¢	10.52¢	10.69¢	8.83¢	8.61¢
Wool Tops (New York, lb.).....	\$1.031	\$1.060	\$1.048	\$1.245	\$0.850
Rubber (ribbed smoked sheets, New York, lb.).....	18.40¢	18.78¢	18.97¢	22.13¢	15.95¢

## FINANCE

Corporate Bond Yield (Standard Statistics, 45 issues).....	5.55%	5.58%	5.59%	5.79%	5.53%
U. S. Bond Yield (average of all issues due or callable after twelve years).....	2.24%	2.28%	2.31%	2.64%	2.34%
U. S. Treasury 3-to-5 year Note Yield.....	0.42%	0.42%	0.46%	1.12%	0.53%
Call Loans Renewal Rate, N. Y. Stock Exchange (daily average).....	1.00%	1.00%	1.00%	1.00%	1.00%
Prime Commercial Paper, 4-to-6 months, N. Y. City (prevailing rate).....	1/2-3/4%	1/2-3/4%	1/2-3/4%	3/4-1%	1/2-3/4%
Business Failures (Dun & Bradstreet, number).....	254	280	292	269	298

## BANKING (Millions of dollars)

Demand Deposits Adjusted, reporting member banks.....	19,507	19,341	19,062	18,288	16,143
Total Loans and Investments, reporting member banks.....	23,437	23,355	23,202	22,389	21,822
Commercial and Agricultural Loans, reporting member banks.....	4,367	4,355	4,309	4,159	3,794
Securities Loans, reporting member banks.....	1,135	1,115	1,094	1,081	1,406
U. S. Gov't and Gov't Guaranteed Obligations Held, reporting member banks.....	11,330	11,300	11,275	10,711	10,363
Other Securities Held, reporting member banks.....	3,491	3,464	3,411	3,363	3,238
Excess Reserves, all member banks (Wednesday series).....	5,780	5,730	5,580	5,271	3,443
Total Federal Reserve Credit Outstanding (Wednesday series).....	2,524	2,515	2,530	2,673	2,595

## STOCK MARKET (Average for the week)

50 Industrials, Price Index (Standard Statistics).....	117.4	118.9	119.2	126.5	117.9
20 Railroads, Price Index (Standard Statistics).....	30.4	31.2	31.1	32.7	30.0
20 Utilities, Price Index (Standard Statistics).....	67.6	67.9	70.0	67.8	67.8
90 Stocks, Price Index (Standard Statistics).....	96.0	97.2	97.8	102.5	96.2
Volume of Trading, N. Y. Stock Exchange (daily average, 1,000 shares).....	695	703	739	1,890	1,131

\* Preliminary, week ended March 16th. † Revised. § Date for "Latest Week" on each series on request.

**50 Per Cent Annual Return  
On a \$17,400 Investment**

**350% Returned Each Year  
On This Investment ...  
And a Problem Solved**

**\$2000 Spent Once  
Earns \$5000 Each Year**

**New Equipment Costs \$5,000  
But Each Year It Saves \$5,000**

**Annual Saving: \$16,800  
Investment: \$3,900**

**It Pays to Get the Facts —  
In This Case, \$5,000 a Year**

**67-per-cent Annual Return  
On Investments of \$5800**

**"\$15,000 Spent Once  
Saves \$15,000 Each Year"**

**100% Return on  
a \$25,000 Investment**

**Annual Gain, \$6583  
Investment, \$6632**

**Investment, \$1565  
Annual Return, 121 Per Cent**

**The Right Equipment  
Saves \$4100 Each Year  
But It Cost Only \$2100**

## **CAN YOU MAKE 108% ON YOUR INVESTMENTS IN ANY OTHER WAY?**

**T**HESE headlines summarize twelve case studies of investments in electric equipment which averaged a 108% return the FIRST year of operation. They illustrate how General Electric has helped other manufacturers make their production more profitable.

May we suggest that *you start today* a review of your manufacturing problems? You may find their solution in the proper utilization of the *latest* electric equipment.

Experienced G-E sales engineers will be glad to co-operate with you, your consulting engineers, or your machinery manufacturer. With the correct electric equipment which they would recommend, you can get increased production, more efficient operation—hence, greater profits.

Examples of Benefits Obtained from the Correct Use of the Right Electric Equipment

**GENERAL  ELECTRIC**

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March 23, 1940

## THE BUSINESS OUTLOOK

**Stock and commodity price movements emphasize "temperament" in inventory situation and susceptibility of domestic sentiment to what goes on abroad. Business is still in a wait-and-see period.**

A "PEACE SCARE" came to a sudden end this week. In Rome, Under-Secretary of State Sumner Welles left for the United States and issued a statement that he had received no formal peace plan from any of the belligerent governments; in Paris, the French cabinet fell after the Chamber of Deputies indicated dissatisfaction with the conduct of the war to date; and in London, Prime Minister Chamberlain unprecedently announced in the House of Commons a British air attack on German bases while the raid was actually in progress—this, apparently, to assure the M.P.'s that Britain meant business.

### Intensification of War Orders

To American business men, the implications of this cluster of events and circumstances are two: (1) That some intensification of the war and war ordering is probable in the not too distant future; (2) that peace scares are to be set down as a recurrent liability in planning future operations—as was pointed out more than six months ago (*BW—Sep 16 '39, p13*). It is safe to say that rumors of peace will bob up again during this year, and—as they did this time—will upset markets as well as business calculations.

### A Question of Inventories

Since the armistice between Russia and Finland, stocks had been drifting downward, and commodities also have been under pressure, as the Outlook Chart indicates. However, dissipation of the peace rumors immediately started a rally in both commodity and stock prices on Wednesday. That epitomizes the susceptibility of American business to European affairs at this time. It is not that peace, *per se*, would wreck business here; but unquestionably peace would necessitate an immediate readjustment of industrial policies and that readjustment—at least temporarily—would be deflationary.

The outbreak of war caused a reversal in inventory procedure in the United States. Purchasing agents had to take into account the possibilities of (a) rising prices, (b) shortages, (c) unavailability of shipping space and (d) delayed deliv-

eries. And so sufficient stocks to safeguard against these contingencies were laid in. But, with peace, an inventory policy of ample coverage could quickly change to one of adequate coverage or of bare coverage. That's why common stocks and commodity prices—yes, and even business men, themselves—are so sensitive to armistice rumors.

### Buying Policy Reversal

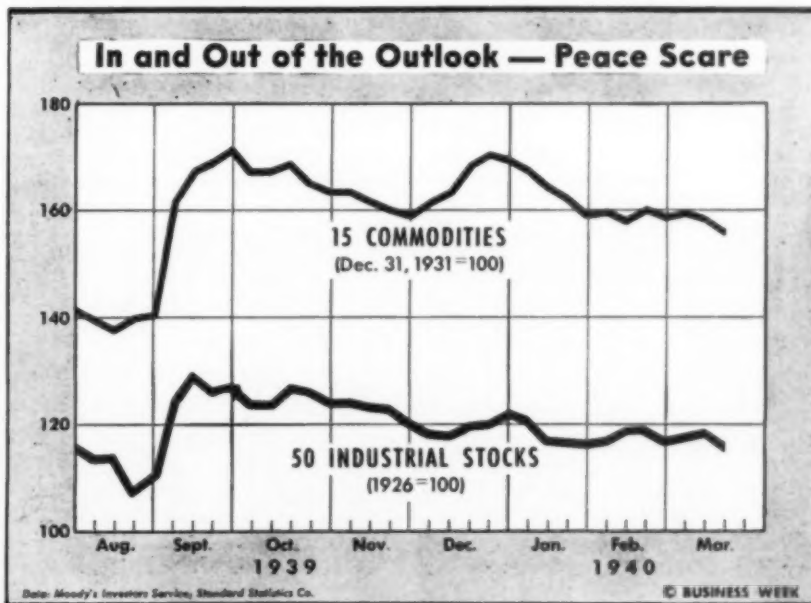
Indeed, the current recession in industrial activity is directly traceable to the sudden shift from a hand-to-mouth buying policy before the war to a get-the-goods policy immediately after. When foreign orders failed to come up to expectations, inventory ideas were revised downward. So for several months now, stocks on hand have been permitted to

run off. And this means, naturally, that new orders are running below the actual consumption rates in many industries.

Data on new orders are still not comprehensive enough to warrant any flat statements about the immediate trend. It is sufficient to note, however, that indexes of both the National Industrial Conference Board and the Standard Statistics Co. have given a hint of stabilization.

### Peace Scare Drops Demand

But presumably the peace scare of the last 10 days has had a disturbing effect. Private indications to **BUSINESS WEEK** are that steel orders of the leading companies have dropped again. Whereas a fortnight ago they ranged around 45% to 50% of capacity, now they are down to 35% to 45%. That undoubtedly explains the drop in this week's steel rate from 64.7% to 62.4% of capacity. Probably the decline has further to go; as already stated "it should be no great surprise if the rate goes below 60% for



Sumner Welles' capital-to-capital junket in Europe and the Russo-Finnish peace started a wave of rumors about a general European armistice. Result: the most severe "peace scare" since the start of the war. Stock and commodity prices re-

flected the general expectation that peace would result in an immediate diminution of orders from abroad. They declined (see chart). But following this week's dissipation of the peace rumors, stocks turned up and commodities were somewhat firmer.

a few weeks" (BW—Feb 10 '40, p13), before stabilizing around 60% or so.

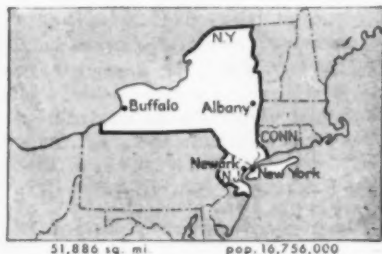
The decelerating rate of decline in general business, however, continues to suggest a leveling at around current levels. BUSINESS WEEK's Index is off only 0.3 of a point from the preceding week, though next week the drop will be much more severe. Steel will put it down, and

automobile production probably will not rise in line with the seasonal pattern. Carloadings, however, are holding steady, as are electric power, and construction—the last, barely.

The timing of a drop in textiles will have an important effect on the near-term course of business indexes. If sharp curtailment occurs when steel is still de-

clining, some modification may be necessary in the judgment that 105 in BUSINESS WEEK's Index (monthly) would be a logical resistance point. In the meantime, it is too early to decide categorically either that the decline is over or that it has much further to go. As has been repeated here so often, this is distinctly one of those wait-and-see periods.

## The Regional Business Outlook



**NEW YORK**—Continued cold weather, here and throughout the nation, has had a dual effect on business in this Reserve district:

1. Department store trade has been harder hit here than in most sections of the country. Sales took a 10% tumble in February, and have recovered only moderately since, with current levels fractionally above 1939.

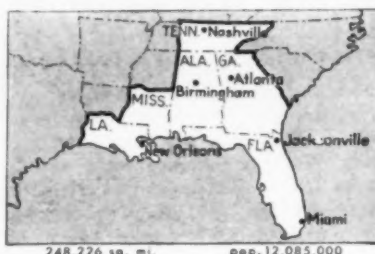
2. The apparel manufacturing industry has been set back by this development. Orders of spring lines have been carefully spaced by retailers, as typical March weather has cut down the sales that normally take place two weeks or so before Easter Sunday.

### Payrolls Slipping

Yet manufacturers have not curtailed as much as their order books might suggest they would. They expect the spring retail season to last into April this year, rather than end abruptly with clearance sales after Easter.

Payrolls generally throughout the district will tend to ease off after this month's seasonal peak. There was a contra-seasonal drop in February, particularly in the machinery and metal trades here and in such cities as Buffalo, Utica, Elizabeth, and Newark. An inflow of new orders, however, could readily check the decline. Construction, which usually turns up at this time, will help to lift employment.

Wall Street more or less reflects the general industrial lassitude of the district right now. Stocks rise or fall more on rumor than on volume of trading, and brokerage mergers continue to reduce employment in the financial district. This has a bearish effect on retail trade.



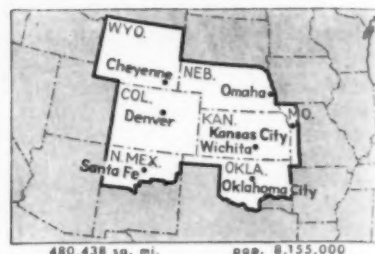
**ATLANTA**—Construction has been a bolstering business factor in this area. Contracts awarded since the first of the year have run 20% ahead of 1939, whereas countrywide totals have been lower than last year (BW—Mar 16 '40, p13). Industrial expansion in kraft paper, rayon yarn, coal carbonization, insulating board, and oil refining accounts for most of the gain; but residential building has also been better than in the nation. This has undoubtedly helped to check the force of the recession here.

Cotton textile schedules have dropped less than anticipated (BW—Feb 24 '40, p14), although further curtailment is still not yet out of the question. The steel rate in Alabama is down, but the decline has been less severe than in the Cleveland and Chicago districts. Lumbering, off sharply since autumn, has been handicapped by bad weather; but operations should shortly respond to gains in construction.

### Farmer Gets Cash

This is one of the big months for farm income. Government payments are usually heavy in March, and such year-round income producers as cattle, sheep, and dairy products are currently bringing in good returns. But prices of chickens and eggs are only fair in this district, and hog quotations are still low.

Florida shipments of fruits and vegetables soon will be petering out, but then Louisiana, Alabama, and Mississippi crops will be starting to market. Frost damage to the citrus fruit crops in Florida indicates reductions of 25% in orange and 40% in grapefruit marketings from a year ago.



**KANSAS CITY**—Farmers really went to town these last few weeks for Easter shopping, and retail sales in this Reserve district jumped sharply above recent months, despite the bleak prospects for winter wheat. One reason is that current farm income has been holding up well, as livestock and dairy products are shipped to market.

After six years of drought and irregularity in cash receipts farmers in this region have become accustomed to spend as they market their produce. Savings have been depleted, and banks are not as liberal with credit lines as they used to be. That's why it's customary to say "money is tight."

### Diversification Spreads

But longer-term conditions are improving. Diversification here is the farmer's declaration of independence from a single crop. Last year, returns from marketings of livestock and livestock products were twice those from crops. Checks for milk, eggs, cattle, chickens come in the year-round; and right now, prices are above 1939, which means higher immediate income and helps to offset the damaged wheat crop.

Oklahoma's industrialists may have to take a leaf from the farmers' notebook, and diversify. Illinois now ranks third, ahead of Oklahoma, as an oil producing state; this re-emphasizes Oklahoma's dependence on one major industry. Moreover, marketing complications aggravate its plight. The state is hemmed in by Texas and Illinois competition, closer to the big markets and shipping points. Oil men have already started a trek to other fields; banks notice this when they lose deposits.

The Regional Outlook surveys each week three of the twelve business areas of the country.

## Spenders Scan Sky for Calamity

**They're ready with a new pump-priming program and hope they'll get word from White House that nation needs more than war business as a job stimulus.**

WASHINGTON (*Business Week Bureau*)—A government lend-spend program is being talked up again because the powers that be and their satellites are uncertain and a little nervous about the course of business in the immediate future. The President doesn't go for it now, but he hasn't shut the door to it in case business continues to fall off.

The country at large may still be economy-minded. Congress, with its nice appreciation of country and city votes, is flouting economy so far as farmers are concerned and getting ready to make a generous exception for relief. Business conditions figure very indirectly in the service of such special interests, but if they get worse Congress may waver with respect to economy in other directions. In other words, if the time comes when the White House is convinced some stimulus is needed, a majority of Congress, too, may be willing to subscribe to some pump-priming.

This situation gives the special pleaders for public works and what not considerable encouragement and plenty of room in which to air their plans. They intend to be ready with something if they get a break, and in their enthusiasm they come pretty near to being calamity shouters.

Through their glasses a slump appears imminent, largely, in their opinion, because of the decline in PWA spending and the chopping in WPA. They are dis-

posed to discount war orders, not from the standpoint of their dollar volume—whatever that may prove to be—but from the standpoint that military expenditures don't create as much employment as works expenditures. They are training their efforts on siphoning private money into local projects.

The silk hatters in the spend-lend school are Eccles of Federal Reserve and Currie, ex-Federal Reserve man on the White House secretariat, but the man with the shovel is John M. Carmody, Federal Works Administrator. The ideas of the spenders are embodied in several alternative plans, but their "official" and most far-reaching plan is the bill that is sponsored by Senator Andrews of Florida.

### Loans for Creating Employment

The Andrews bill could provide a billion or more dollars worth of works without, according to its author, affecting the debt limit. It would appropriate \$300,000,000 to be loaned to public bodies by Commissioner of Public Works E. W. Clark for any purpose which, in his opinion, would provide new employment. Loans could also be made under the bill to non-profit bodies for health, educational, and recreational facilities or "facilities for the handling and storage of farm products."

The bonds obtained by the commissioner would be guaranteed as to princi-

pal and interest by the federal government and immediately resold to the public, the proceeds becoming available for new loans. The original appropriation would thus become a revolving fund with a high r.p.m.

The term of the loans could be as long as the useful life of the project except that it would not exceed 50 years. Interest rate would be set by the commissioner and would only need to be large enough to pay the interest on the federally-guaranteed bonds plus a small percentage to cover expected defaults. Thus, although no subsidy is provided by the federal government, the plan is designed to attract municipalities because of the low interest rates and the technical services provided by PWA.

### More Modest Plan Available

The range of projects possible under the bill is much broader than under previous PWA programs. Examples given of new types are loans for purchase of rights-of-way, if this will provide employment by releasing local money available for construction, and such WPA-type projects as reexamination of municipal assessments for tax purposes. Projects might be self-liquidating or they might be based on the credit of the municipality.

If such a far-reaching program proves unpalatable to the Congress, the spenders have a second plan to fall back on in a bill introduced by Senator Mead of New York. This bill also appropriates \$300,000,000, but without the revolving feature. Projects are limited to hospitals, water and sewage systems, and stream pollution abatement, and the interest rate on loans is set at 2%. Senator Mead himself would rather see the Andrews bill go through, but failing that he will push for his own bill, even with the amount drastically cut.



Administrator John Carmody



Senator Charles Andrews of Florida



Senator James Mead of New York

Harris & Ewing, Ame

## SEC Bill Jolts Investment Trusts

And Atlas Corp.'s merger adds weight to argument against wide grant of regulatory power, even though measure may not force many trusts to dissolve.

ONE OF THE country's very large investment trusts, Atlas Corp., this week took steps which might ultimately mean dissolution—and financial circles noted with no little interest the coincidence between this sudden action and the submission to Congress of the long-awaited bill for federal regulation of investment trusts.

Probably not many investment trusts will quit because of the bill which the Securities and Exchange Commission has written. Nevertheless, the Atlas move is interesting. It's quite a novelty for an investment trust to merge with a manufacturing concern, and Atlas joins one of the largest aircraft manufacturers, Curtiss-Wright.

In exchange for Curtiss-Wright stock, Atlas holders turn over 60% of the trust's assets to the plane company which, in its turn, adds some \$36,000,000 of liquid assets to its working capital. Atlas' remaining assets, which are mostly a \$24,500,000 stake in Utilities Power & Light, remain in the trust. However, Utilities Power has been reorganized and Atlas stands soon to realize on that investment, so that very little will be left.

Curtiss-Wright also takes into its official family Floyd Odum, Atlas president and one of Wall Street's outstand-

ing successes of the last decade. As a matter of incidental interest, Mr. Odum, in joining the aviation company, switches to the field of his wife, Jacqueline Cochran, noted flier.

Another investment trust, Mayflower Fund, decided to dissolve a long time ago because the industry has been investigated fairly intensively over four years and everyone has known what was coming. Yet most of the leaders in the business have no objection to federal regulation; many have come even to favor it—if it's the right kind of regulation. They do not, however, believe the SEC's bill is the right kind.

### Companies Complain of Bias

Investment trust leaders point out that the bill was sent up to the Hill before the report on the industry which Congress asked for. Into the *Congressional Record* has been read an SEC-prepared summary, which cites all the abuses uncovered in its exhaustive investigation. The companies complain that this summary treats all the errors in judgment made during the roaring 1920's as though they were shenanigans and that the summary is so written that the abuses cited appear characteristic of the industry.



Floyd Odum joins his wife in aviation.

But most of all, there are complaints about the "catch-all" clauses in the bill as drawn. Concerning this, the commission contends that "only in a comparatively few cases where the problems are complex and technical is a regulatory power vested in the commission to correct malpractices by rules, regulations, or orders promulgated in accordance with the precise standards prescribed in the bill." The more the investment trusts study the bill with their lawyers the more they disagree with the commission about the standards being "precise." Beyond that, they deny that there are only "a comparatively few cases" in which the SEC has reserved for itself the power to make rules and prescribe regulations. They envision the SEC going far beyond specific powers granted.

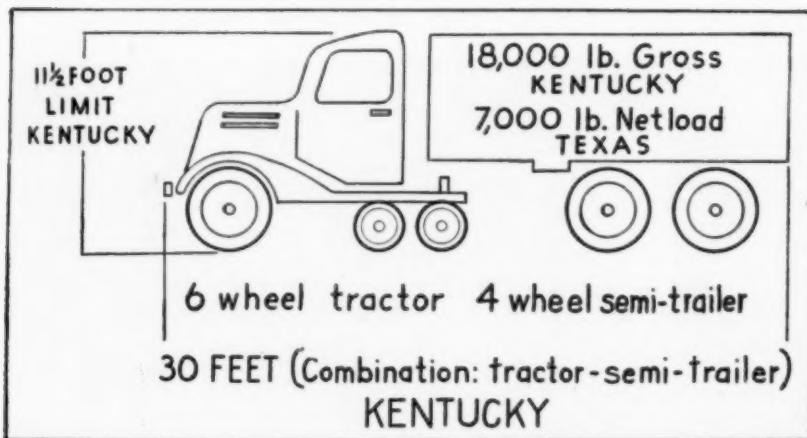
The trusts are glad that the SEC admits their usefulness, but they feel that their utility will be greatly reduced by new rules governing choice of directors. Although it is cleverly concealed, the bill as a practical matter bars all investment bankers and brokers (the people who, by their daily experience, might be expected to give the best advice).

### Have No Objection to Some Rules

The trusts don't oppose rules designed to prevent undisclosed sale of the management contract, to require full disclosure of operations and policies, to improve accounting practice, to prevent willful self-dealing and actual conflict of interest, to prevent switching investors from one trust to another simply to make money on the sale, and to prevent margin trading and short sales. None of the good trusts would violate any of these rules in any event.

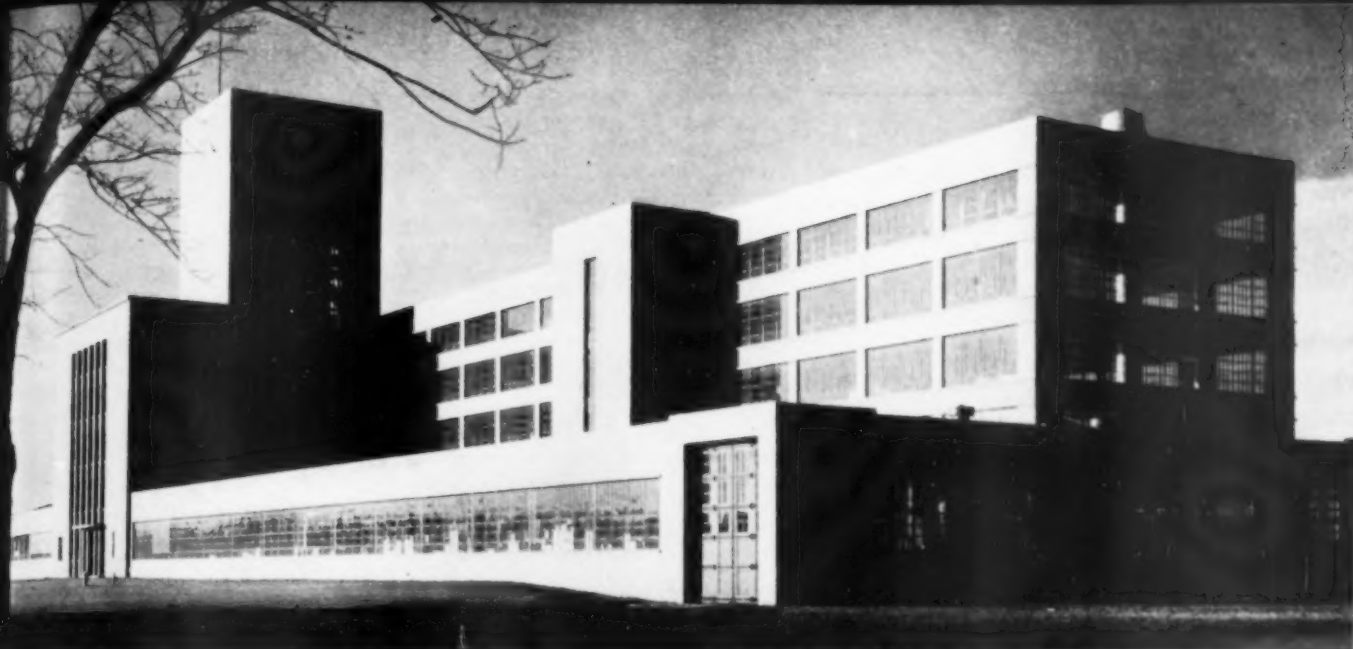
They do, however, think it highly unfair to make it much harder to get competent management, arbitrarily to restrict the character of the capitalization which a new trust would have, and to put a ceiling on size when growth very definitely decreases the proportionate expense the stockholders must pay.

### TNEC Looks at Trade Barrier



Trucking restrictions formed the prize example of the "war in between the states" at the Temporary National Economic Committee's hearings on interstate trade barriers this week. Because of tough restrictions like those of Kentucky and Texas,

the only truck which could travel through all 48 states would be the one shown here. Its measurements: gross weight, 18,000 lb.; net load weight, 7,000 lb.; length, 30 ft.—for a six-wheel tractor, four-wheel semi-trailer; height, 11½ ft.



New Burroughs Factory Branch, Plymouth, Michigan

# Growth + + +



Burroughs Factory and General Offices, Detroit

Throughout the years, Burroughs has adhered to the highest standards of manufacture and quality, and has developed a worldwide factory-trained and factory-controlled service organization.

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With this background of experience and wide variety of machines, Burroughs meets the needs of today's business for speed and economy, and is building for the future along lines which have made Burroughs a worldwide institution.

BURROUGHS ADDING MACHINE COMPANY, DETROIT, MICH.

# Burroughs

DOES THE WORK IN LESS TIME—WITH LESS EFFORT—AT LESS COST

## I.B.A. Tells the SEC

**Bankers challenge legality of competitive-bid rule and accuse commission of throttling industry.**

FOR SEVERAL YEARS the majority of investment bankers have argued against the Securities and Exchange Commission's pet idea of competitive bids for new issues of corporate securities. It was not until this week, however, that the Investment Bankers Association took official action.

And when the I.B.A. acted it went to town. Not only did it tell the SEC that competitive bids were wrong in principle and in practice, but it went a step further and suggested that the SEC had no legal authority to call for arm's-length dealing between bankers and public utilities as the commission has been doing.

Here's the way it all came about. Joseph Weiner, the SEC's public utilities division chief, wrote to investment bankers, corporate executives, and others asking how the commission could "best insure the reasonableness of fees and commissions, and the fairness of the terms and conditions of any proposed issue and sale of utility securities." He

wanted to know, in short, the general feeling toward the SEC's policy of demanding arm's-length bargaining between bankers and the utilities in arranging for flotation of securities.

The idea was that individuals were to reply and that the replies would not be made public unless the SEC saw fit. But the I.B.A. officers felt they had a duty to members in this matter. They believed that the entire association was vitally interested and that it should voice its feelings. So the question was put up to the executive committees of the 17 districts into which the I.B.A. is divided for administrative purposes. The resulting report (which received not a single negative vote; only one person replied, "I don't know") not only was not kept secret but was given to the press.

### Courts Commissioners' Wrath

In turning over the letter to the press before the SEC received it, the I.B.A. admittedly asked for trouble. However, as leaders remarked, the commission had given its own letter to the press before it was received by those to whom it was addressed.

The letter—it comes to some 66 type-written pages—suggests (1) that competition always exists between bankers for corporate securities; (2) that the SEC

could best serve the public by rescinding its rule on arm's-length dealings and checking up only to see that the issuing corporation got the same price for its bonds that other similar bonds are bringing in the open market; (3) that the SEC stick to enforcement of the law as it is written and not try to stretch the statute to cover competitive bids; and (4) that the SEC's conduct be studied by an impartial committee, such as a committee of Congress, to see if the commission's own rules are not proving one of the main deterrents to the free flow of capital to industry.

### Has SEC the Authority?

The nub of this argument, of course, is the legal point of the SEC's right to demand competitive bidding. The letter dwells, for page after page, on the language of the Public Utility Act of 1935 and the SEC's rule U-12F-2 which is the outgrowth of the law as the commission has applied it to companies' relations with bankers.

And the bankers' association concludes, among other things, that "plainly the commission exceeded its authority when it made rule U-12F-2 apply to a person who is not an affiliate [of a utility] within the meaning of Section 2 (a) (11)."

## The Burlington Turns a Neat Trick—and an Honest Dollar

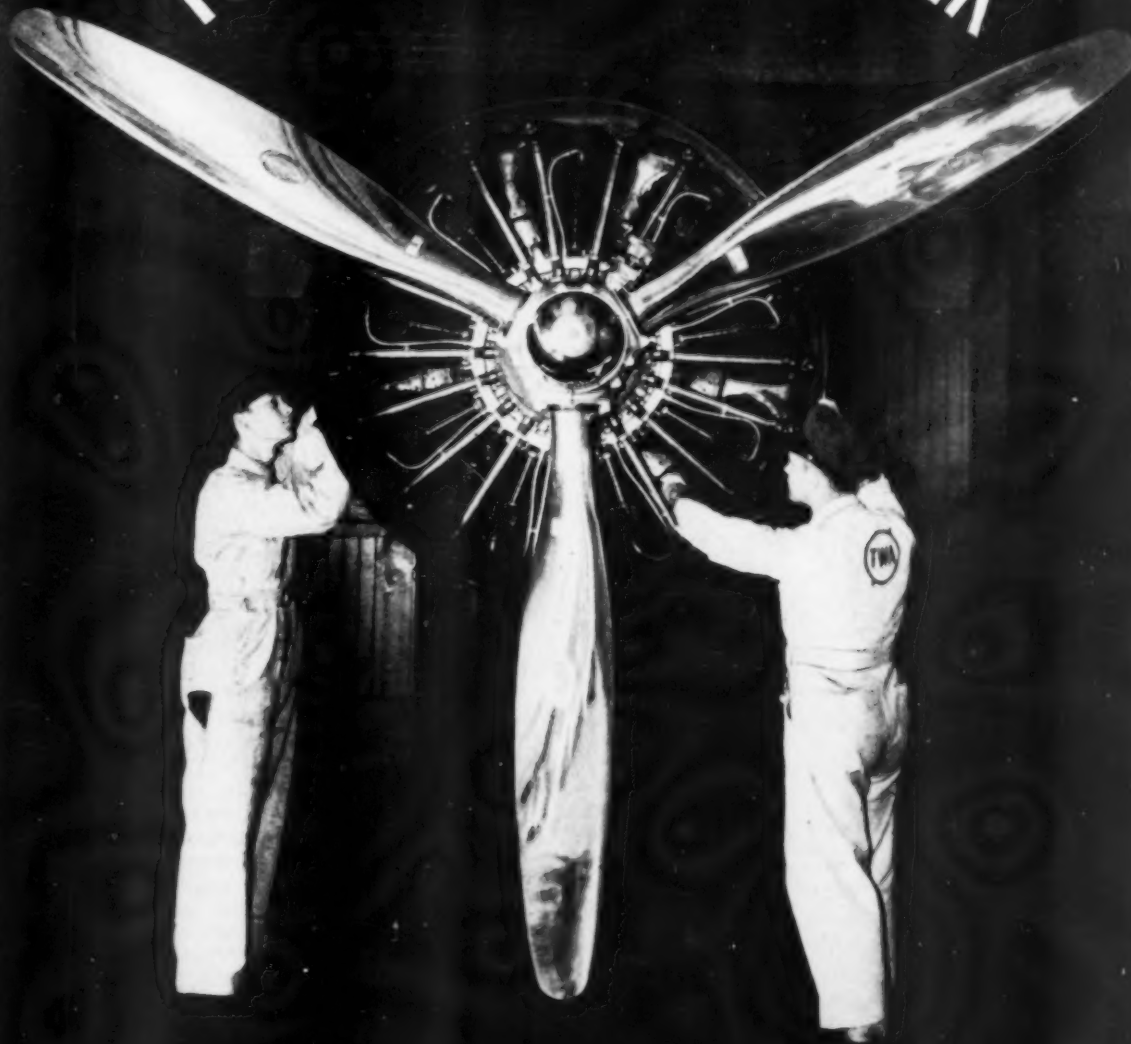


ABOUT APRIL 15 the Burlington Railroad will replace its first-in-service four-car streamliner, the Pioneer Zephyr, on the Lincoln-Omaha-Kansas City run, with this brand new six-car Silver Streak Zephyr. Though the traditional way of introducing a streamliner is to send it out on an inspection tour, this is the tenth for C.B.&Q., so it's trying something new. Saturday the Burlington ran six non-stop round-trip excursions on the Silver Streak Zephyr from Chicago's Union Station to Aurora, Ill. Adults paid 90¢, children 45¢. The train grossed better than \$1,000 while letting 1,200 people sample streamliner travel luxury, and absorb a proprietary interest. Sunday the Silver Streak Zephyr was sold out for a round trip to Dubuque, Ia., at \$4.75 a head—

which included dinner at a restaurant. Monday it hauled a party of Lions to La Crosse, Wis., and back; Tuesday, some Kiwanians to Clinton, Ia.—and so on through the week. Burlington passenger traffic men figure they will run out of special bookings by mid-April, will then be forced to give up this juicy plus-business and put the streamliner on the run for which it was built.

Meanwhile 16,000 residents of Kansas City, St. Joseph, Mo., and other on-line towns can be counted on to await its arrival impatiently. They entered the contest to name the new train. More than 300 of them suggested Silver Streak, incidentally, and the \$250 first prize went to an unemployed Kansas City laborer.

# TODAY'S WINDJAMMER



FASTER, FARTHER, SAFER fly the wings of America... mighty ships of the skyways, born in wind tunnels on the ground.

Texaco is proud to be allied with modern Aviation's progress.

More scheduled airline mileage within the U. S. and to other countries

is flown with Texaco than with any other brand.

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—in all  
48 States

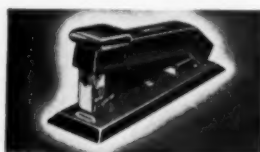


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Company

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My industry

## New Hose Raise Cotton Hopes

Stockings to be made by Gotham Hosiery Co. are just the newest of many important research and merchandising ventures which vitally affect cotton prospects.

A SIGHT THAT WILL warm the hearts—and pocketbooks—of U.S. cotton men a few weeks from now will be fashion-conscious American women, wearing U.S. Department of Agriculture Style No. 106 cotton-mesh hose, retail price, \$1. Manufacturer and distributor of the new stocking, foremost of several possible answers to the cotton industry's perpetual prayer for increased consumption, is Gotham Silk Hosiery Co., top-ranking producer of silk stockings. Gotham will start next week moving the stockings into its 10,000 nation-wide retail outlets, with distribution probably heaviest in the thrift-and-cotton-conscious South.

There is nothing new about cotton stockings. Women have turned thumbs down on them for years. The fact that they wore like iron meant little or nothing; women wanted durability, but flattery came first. Which is why 88% of all women's stockings sold in this country in 1938 were silk.

Faced with the fact that cotton stockings had to be made sheer and flattering to sell, the cotton industry turned to David H. Young, who ten years ago created the dull, high-twist method of knitting silk hosiery which took the shine off women's legs. In cooperation with the Bureau of Home Economics of the Department of Agriculture and the Mercerizers Association of America, Young has developed a full-fashioned, high-quality, cotton stocking, knit on the same machines used for silk hosiery. At present the hose are being made of high-quality commercial yarn, but Young believes it may be possible to knit them from other varieties of yarn of longer than commercial length.

### Relying on the Stylists

At present around 200,000 bales of cotton are used annually in making hosiery. In its appraisal of total cotton consumption prospects, the conservative National Cotton Council estimates a potential gain of 100,000 bales in use for hosiery and even makes allowance for a possible loss of 50,000 bales to competitive fabrics.

Neither Gotham nor the cotton industry believes the new product will replace silk as the No. 1 stocking ingredient, but they are confident that stylists can put them over for sport, utility, and even afternoon wear. Heavy promotion is being held off, however, until the first sales returns are in.

### Profit and Loss—In Potentials

CHECKING THE PRODUCTION and market outlook in a dozen different fields—auto tires, feedbags, building, dresses, shirts, etc.—the National Cotton Council comes up with the conclusion that cotton could lose 1,095,000 bales to competitive products, could gain 3,300,000 bales. As is indicated for each of the product classifications in the story herewith, these are maximums, but the Cotton Council has boldly served notice that it intends to translate that maximum potential gain into an actual one. It has set a goal of 10,000,000 bales a year. At the peak in 1937, it was approximately 2,250,000 bales short of that goal.

Gotham doesn't think that sales of the new hose will be hurt either by the sharp cuts made in the prices of its regular line of silk hosiery last week (page 45) or by competition from the new Nylon hose which go on sale in May. As a matter of fact, Roy E. Tilles, Gotham's president, believes that Nylon will help, rather than hinder, by getting American women used to something besides silk. And a big market for the new stockings will open up when the Federal Surplus Commodities Corp. gets under way with its cotton stamp plan for low-income families (BW—Feb 17 '40, p. 33).

### Cheered by 18% Gain in Use

If the stockings go over as expected their success will help to soften the blow dealt the industry's hopes when plans for the use of cotton fabric in asphalt highways blew up last month (BW—Feb 24 '40, p. 20). In spite of the disappearance of this potential outlet for 800,000 bales a year, the National Cotton Council, whose major purpose is to boost domestic cotton use to 10,000,000 bales annually, is by no means down-hearted. At the New Orleans convention, president and sparkplug Oscar Johnston gave the Council (together with the Cotton Textile Institute, Cotton Consumption Council, and Mercerizers Association) credit for all of the 18% increase in domestic cotton consumption for the first five months of the present crop year

over the same period last year. Johnston predicted that, as a result of N.C.C. promotion, the 1939-1940 year would equal the 1937 record consumption of 7,750,000 bales.

There are other reasons for Johnston's optimism. This year is the first in which the N.C.C. has had a complete organization of the 700 cotton belt counties, and its treasury loaded with the \$250,000 dues quota. With this in the kitty, the cotton industry will be in a position to take both the defensive and offensive. Carefully figured out by the council are cotton's assets and liabilities. Estimated on a win or lose basis, here is how cotton men evaluate their major markets—and what can happen to them—in terms of the most they might lose or gain:

**Auto Tires:** Present annual use, 460,000 bales; potential loss, 250,000 bales; potential gain, 50,000 bales. Trend: Against cotton.

Here the possibility of loss comes from the threat of invasion of the truck tire field by heat-resisting rayon cords. The N.C.C. has launched a counter-attack through its Cotton Research Foundation and the Mellon Institute in an effort to develop a cotton cord with heat durability equal to rayon's, which would reinforce the advantages cotton already has in lower cost and greater moisture resistance. Happily for cotton, the passenger tire business is not endangered, but a partial offset to this is the prospect that cotton will lose some auto seat business to live rubber.

**Bags, Feed and Fertilizer:** Present annual use, 40,000 bales; potential loss, 20,000 bales; potential gain, 200,000 bales. Trend: Horizontal in feed bags and toward cotton in fertilizer bags.

Under pressure from the N.C.C. the fertilizer industry is working on a plan for making cotton bags immune to the chemical action of their contents. And with a committee in every Southern county, the council will make it hard for feed and fertilizer sellers to use any but cotton bags in delivering to cotton people.

**Bags, Other:** Present annual use, 340,000 bales; potential loss, 175,000 bales; potential gain, 500,000 bales. Trend: Against cotton.

The approximate doubling of sales of paper bags since 1930 has been largely at cotton's expense. To reverse the trend the N.C.C. plans an offensive on three fronts: (1) A patriotic appeal to Southern state highway commissioners and other officials to buy cement in cotton rather than paper. (2) A lot of stress on the re-use value of the cotton product, backed up by pamphlets on such subjects as household uses of old cloth bags. (3) Research to develop special-purpose cotton bags, such as mesh for onions and citrus fruits.

**Building Construction:** Present annual use, 10,000 bales; potential loss, none; potential gain, 1,000,000 bales. Trend: Moot.

The Department of Agriculture has erected 200 buildings, utilizing canvas-plywood, flameproof cotton insulation, and some cotton wallpaper (*BW—Oct 28 '39, p. 30*). But the N.C.C. is waiting for better evidence of commercial feasibility before taking a positive promotional stand behind plywood and insulation. Thus, although

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Concrete home of Mrs. Mildred H. Carter, of Port Chester, N.Y.; Werner Gettschalk, architect; Alden E. Bates, builder.



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ness leader—it will pay you to get the full facts on the material that 45,000 families chose for their new homes in the past four years.

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A national organization to improve and extend the uses of concrete . . . through scientific research and engineering field work



*Cotton—but they are knitted and fitted just like silk. That's why the industry hopes that this time they'll really click.*

there is hope for a 1,000,000-bale increase, some products may not measure up to expectations.

**Dresses:** Present annual use, 900,000 bales; potential loss, 400,000 bales; potential gain, 300,000 bales. Trend: Slightly toward cotton.

Last year, the Cotton Textile Institute achieved big conquests for cotton in the expensive style field; these will have the effect of bringing heavy sales of cotton in cheaper models for the mass market this season. However, the rayon-cotton battle is likely to swing back and forth wholly on a style basis with shifting successes for both fabrics. In this fight, which revolves around sheer feminine caprice, the N.C.C. doesn't have as much to invest in the all-important advertising as rayon does.

**Paper:** Present annual use, 5,000 bales; potential gain, 500,000. Trend: Unknown.

Cotton paper is still in the research stage. So far it is too heavy and expensive, but if costs can be brought down far enough to put it in a competitive position, the writing and business paper field is open (BW—Feb 3, 40, p 4).

**Rugs:** Present annual use, 20,000 bales; potential gain, 50,000 bales. Trend: Toward cotton.

The N.C.C. is having some success with its attempts to bring cotton rugs out of the bathroom and into the rest of the house. Romac bedroom rugs—heavyweight, floor-hugging products manufactured by McCallum & Robinson, Inc., Memphis, Tenn., to compete with regular carpeting—are already sold through the mail order houses and larger department stores, and cotton rugs for the living room have been developed experimentally. The price edge which the cotton rug holds over wool is a big factor in cotton's favor.

**Shirts, Dress and Work:** Present annual use, 400,000 bales. Trend: None.

Cotton holds practically the entire shirt market, but rayon's success in doubling

abrasive strength and improving drape and appearance may result eventually in its trying for a bigger market than that for sports shirts to which its sales are confined at present. In that case, cotton and rayon will have to fight it out as they do for dresses, on the basis of style and merchandising.

**Suits and Pants:** Present annual use, 250,000 bales; potential loss, 100,000 bales; potential gain, 250,000 bales. Trend: None.

The style and appearance of seersuckers and other special cotton suitings so popular in the South is improving, and cotton is working into the market further north, but spun rayon fabrics are actively disputing summer suit sales. The cotton council's main line of attack here is to work with laundries to hold wash charges down.

**Underwear and Pajamas:** Present annual use, 400,000 bales; potential loss, 100,000 bales; potential gain, 150,000 bales.

The cotton council is considering a national advertising campaign, which would stress the psychological values of clean clothing, call attention to that daily pint of perspiration absorbed by clothing. At present most people change cotton clothes only once a week. Two changes, induced by advertising, would wear out the equivalent of an additional 1,500,000 bales annually.

**Bale Covering:** Present annual use, 1,000,000 yards; potential loss, 1,000,000 yards; potential gain, 200,000 bales.

Present use of cotton bale covering is confined to 1,000,000 yards made annually by Lane Mills of New Orleans and subsidized by the federal government (at a reputed cost of \$280,000 to utilize \$350,000 worth of cotton).

Current legislation in Washington to compel traders to use net rather than gross weight figures for cotton bales—the Bilbo and Fulmer bills—conceivably could

result in heavily boosting the use of cotton bagging, for every bale would be 100% cotton and gross and net weight would be the same. But many cotton growers still want the cheapest possible covering—which remains jute.

The problem of fluffing up the annual consumption of cotton is being attacked on a dual front—research and merchandising. N.C.C.'s basic research is proceeding under the supervision of eight Mellon Institute scientists. Their results include a promising sweeping compound, made from cotton hulls, and the improvement in tire cords already mentioned. Besides this, they have developed activated carbon from cotton-seed hulls on a semi-commercial scale and are digging out new information on the role of gossypol (the toxic element in cottonseed) in cottonseed meal. At the same time the Cotton Council has the Universities of Texas, Tennessee, and Pittsburgh at work on studies of cellulose products made from lint and industrial chemicals. Particularly interesting is the possible development of furfural and lignin from cotton-seed hulls.

### Alert to Every Possibility

On the merchandising front, the council continues to wage a bitter campaign against anti-margarine legislation in dairy states like Wisconsin. So far the N.C.C. has done notable work in holding down, if not in eliminating, barriers on cottonseed margarine.

The council hopes to pick up a few thousand bales of consumption per year from a list of new wrinkles. Some of these are the effort to get furniture manufacturers to attach a slip cover pattern to each piece sold, promotion of wider use of canvas athletic field covers among schools, and distribution of literature describing the making of \$7 mattresses at home.

Although cotton roads have been written off, increased use of cotton is foreseen in mats for curing concrete. And further experimentation has been hopefully recommended for cotton fabric use in ditch and canal linings, for stabilizing road cuts, fills, and slopes, and for asphalt membraning of outside basement walls.

### Fight for Markets and Profits

Cotton's basic economic struggle, however, is still its intensive fight with competing textiles. The big weapons are style promotions, Cotton Christmases (BW—Dec 15 '39, p 44), Cotton Carnival, and Cotton Week. Cotton will concentrate on developing new fabrics and getting all the advertising, in all the media, that it can buy, beg, or borrow. Last year rayon consumption was the equivalent of 800,000 bales of cotton, and more than 500,000 cotton spindles had gone over to spun rayon or rayon-cotton mixtures. Which gives cotton a mighty big target for its shooting.

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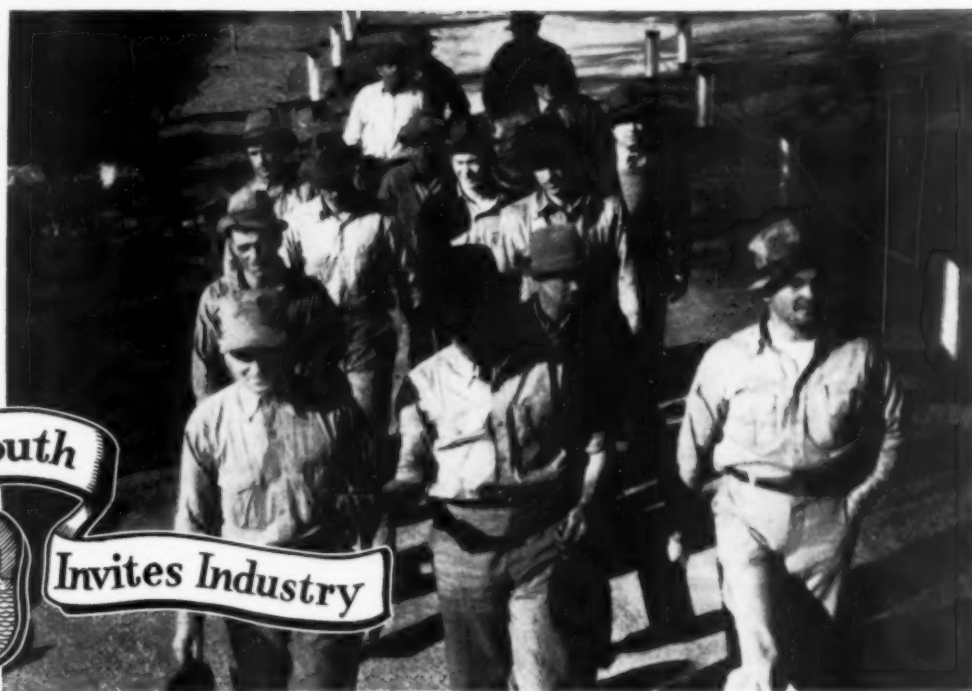
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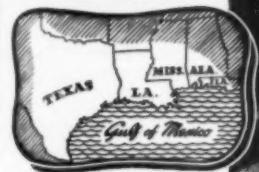
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**The Gulf South**



**Invites Industry**

## Gulf South Labor Can Do a Job for You

Labor stands ready to do a job for your industry in the Gulf South. Many an incoming Gulf South plant manager testifies to the ready knack of the Southern hand for new methods and processes. There's a reason:

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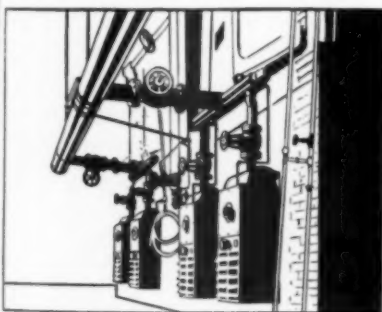
with the genius of a long American heritage behind him. He is friendly and co-operative.

Add the stability of American-born labor, both skilled and unskilled, to all the other advantages of industrial location in the Gulf South . . . a network of pipe lines carrying the No. 1 industrial fuel, Natural Gas, direct to a thousand and one plant sites . . . a broad fabric of modern waterways, railways, airways and highways to

growing local markets, Pan-American and world trade . . . ample power . . . excellent schools, an equable climate, plentiful land.

Industry is decentralizing southward to a friendlier atmosphere. Move to the Gulf South, where you are wanted and appreciated by your neighbors.

Without obligation, let us make a confidential survey for you to meet the requirements of your industry.



Illustrated here is a Natural Gas-fired steam boiler in operation in the Gulf South. In this region, Natural Gas for steam generation is the customary fuel—economical, efficient, and dependable.

For information on GULF SOUTH opportunities write to  
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**INTERNATIONAL PAPER COMPANY**

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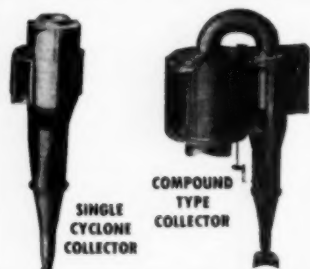
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More than 1200 companies now use the patented Van Tongeren system, with its dust pocket, found exclusively in Buell equipment. High efficiency, low first cost and maintenance, and long life are outstanding characteristics of Buell Dust Collectors. Write for DUST COLLECTION and FLY ASH CONTROL booklets.

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## Rail-Plane Dispute

Roads seek increase in freight rates on aircraft unless shipper assumes all risk.

THE RAILROADS WOULD LIKE a bigger share in the airplane industry's prosperity. The aircraft boom has already tilted carloadings and revenues up; but the roads want to increase rates unless the shipper will assume full responsibility for goods stolen or damaged in transit. Two separate proceedings are involved, and they came about this way.

The New Haven and the New York Central—which transport airplane engines from the United Aircraft plant at East Hartford, Conn., to Weehawken, N. J. (from which point they are exported)—recently filed a new freight tariff with the Interstate Commerce Commission, which would more than double the present rate on engines. They defend the proposed increase on the ground that the engines are extremely valuable and subject to sabotage; hence, their responsibility is great. The higher rates would not apply to shipments from which they were released of responsibility.

Immediately, United Aircraft, the French Air Commission (which is buying planes in this country), and the Aeronautical Chamber of Commerce protested, with the former two asking the ICC to suspend the proposed rates. The decision on that rests with the ICC.

### Reshuffling for More Money

At the same time, there is a movement afoot (instigated by the railroads) to reshuffle the freight classifications of airplanes, engines, and parts, and hence tilt their rates. This week, in New York, hearings were held at the offices of the Trunk Line Association, rate-making body of the railroads. The proposed reshuffling would increase the carload rate on airplanes and parts 40% and on engines 75%. Here, too, the higher rates would not apply if the airplane companies would waive the responsibility of the railroads for individual shipments.

But there's a joker. In both the New Haven's proposed tariff and the railroads' proposed reclassification, the minimum weight requirements (the minimum weight on which charges are based) would be raised on airplane engines. Airplane companies contend that as a result they would be forced to pay for even more "free air" than they now do, since engines, because of their bulk, never fill a freight car completely. In fact, the airplane companies say that this will result in a 300% increase in engine rates. But not much chance is conceded this plan.

The airplane companies say the increases would cost them \$4,000,000 additional every year, and they are going to fight the proposed changes all the way.

## Tackle Bootleg Coal

**Anthracite operators fail to agree on solution, but 27 miners have plan of their own.**

BOOTLEG COAL MINING in Pennsylvania continues to thrive and a harassed anthracite industry has its doubts when, if ever, it will be abolished. Despite plans to eradicate the stolen coal evil through absorption of the "miners" by legitimate anthracite companies, nothing tangible has developed. Nevertheless, several impressive attempts to work out a solution have been made recently.

The Committee of 12, made up of six anthracite operators and six representatives of United Mine Workers of America, directed by the existing agreement to meet four times a year to consider anthracite industry problems, has held frequent unsuccessful discussions of the problem. The last was in Philadelphia Mar. 8. About 50 of anthracite's legitimate producers met in New York on Mar. 13, but couldn't agree on plans to eliminate bootlegging. Operators turned thumbs down on assimilation of bootleg miners through a process which would permit them to exhaust present workings and allow preparation of the bootleg coal at legitimate breakers. This was considered too complicated to be practical.

### Re-employment Idea Rejected

A second proposition turned down by legitimate producers called for re-employment of all former miners and sons of miners now working the hazardous makeshift "dog holes." Farmers and other non-miners attracted by "easy picking" would have been left to seek other work.

Details of the second plan were worked out by a subcommittee of the Committee of 12—Martin F. Brennan, president of District 9, U. M. W. of A., James Pierce and R. E. Taggart, representing the operators.

Of the thousands in the bootleg mining racket, it is estimated there are only 3,500 legitimate miners, men with state certificates granted after two years' experience and passing of an examination.

About half of the bootleg tonnage now mined is produced by former legitimate miners. If these bona fide miners were put back to work in the legitimate industry, and bootleg mining were stamped out, it is estimated that there would be only about 14,000 tons a day to be divided among the industry as a whole above the tonnage quotas now allocated weekly by voluntary agreement of the operators.

This, however, may explain the rejection of the re-employment plan. A member of the Committee of 12 recently pointed to "existing market conditions" and "the tonnage allocation system" as reasons why the companies would refuse to place the miners.

While members of the Committee of 12

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*by Westinghouse*



They have learned to make change in lira, pesos and shillings as simply as you and I count our change from a dollar bill.

- *During the past two years we have run an advertising campaign in 95 newspapers in 41 countries. Each advertisement is translated into 7 different languages. 25 entirely different currencies are used to pay for the newspaper space.*

- *Climate also plays an important part in the distribution of our products throughout the world. For instance, a radio set which is perfectly suitable for sale in the United States must be specially designed and treated to stand up under tropical humidities before it is acceptable to countries near the equator.*

- *Another product problem is that of electric voltage and frequency. Here in the United States 110 volt 60 cycle current is standard almost everywhere, but in export territories these voltages range anywhere from 90 to 380 volts, and from 16½ to 133 cycles.*

- *Add to these problems the complications of the present world strife. But business goes on as ever, and our export people insist that theirs is the most interesting business in the world.*

- *All of the products that we make, from the grain of wheat lamp for doctors to immense turbines for power companies, find their way to the farthest reaches of the globe. American products find a ready market abroad. And the fact that these products sell at higher prices in competition with those locally manufactured is a tribute to American craftsmanship and salesmanship.*

- *To youngsters or oldsters whose hobby is collecting stamps, the incoming mail department of our export company would very likely prove a paradise.*

- *A single day's mail will bring letters from as many as twenty-five countries. In the course of a year, correspondence is received from practically every country in the world, and it has traveled to us by every conceivable mode of transportation from Tibetan runner to air express. It may be penned in anything from a Chinese ideographic script to just plain American English. More than thirty-five different languages will find their way in and out of the mail basket.*

- *No doubt you have heard many men say that their business "is different." But rarely will you find a business right here in our own country that is as really different as that of our people whose responsibility lies in the shipment and sale of our products abroad.*

- *Most of these men have spent years in the field, in Buenos Aires, Singapore, London, Cape Town. They have sold our products in Spanish, French, Portuguese, Swedish and even more remote tongues.*



Between 15,000 and 18,000 men work "dog holes" like this in the Pennsylvania coal fields, manage to bootleg about 3,000,000 tons of coal a year.

remain skeptical about all proposals, 27 men have organized a co-operative concern—the Mutual Coal Co.—which is operating a colliery at Enterprise, near Shamokin, Pa. The coal is being taken from land owned by the Philadelphia & Reading Coal & Iron Co., which formerly obtained a court order restraining the 27 men from bootlegging activities.

The men are now working a 28-acre tract by agreement with the company on a per ton royalty basis. The company is eyeing the experiment with great interest and, if results are satisfactory, will permit it to continue. The men are using their own breaker, on which they formerly prepared their bootleg product.

#### Many Busy in District 9

There are three main anthracite coal fields in northeastern Pennsylvania, the northern, middle and lower, officially known as Districts 1, 7 and 9. United Mine Workers of America, but the stolen coal evil is only "notorious" in District 9. This district embraces coal operations in Schuylkill, Northumberland, and part of Columbia and Dauphin counties.

But little coal bootlegging is evident in District 7, the middle district, which has headquarters at Hazleton. What has been discovered is adjoining the coal fields of District 9, mostly in the vicinity of Tamaqua.

There is no bootlegging in the northern anthracite field, known as District 1. This is attributed to the great depth of the seams of coal and the fact that police authorities interfered at the start, made arrests, and obtained convictions in Luzerne and Lackawanna counties.

In District 9, seat of the trouble, seams are nearer the surface and run on a pitch, making it easier to tunnel out the coal.

From 15,000 to 18,000 men (an accurate count has never been possible) daily are engaged in the removal of coal from the properties of other owners, hauling it to "drops" and improvised breakers and carting it to markets in competition with legitimately mined fuel.

The output of the bootleg miners in 1939 has been estimated at more than 3,000,000 tons, or almost 10% of the tonnage for the entire industry. In recent months, additional men have come into the lower coal field from the farming districts of central Pennsylvania. "Prospectors" with capital have arrived from New Jersey and constructed better breakers to prepare the coal for market.

Aside from the monetary losses of legitimate companies, which pay union scales and operate in accordance with state laws, bootleg mine workings threaten sorrow and hardship for the families of men engaged in the dangerous, illegal work. Last year there were 62 fatal accidents. In the first two months of this year there were 12 fatal accidents, two more than for the same period in 1939.

Increase in fatalities, mine union officials say, is due to holes becoming deeper and the invasion of abandoned workings without proper surface supports.

#### Breaker Owners Profit Most

Men who do the dangerous, hard work receive the smallest consideration for their trouble. Owners of the improvised breakers receive the lion's share of realizations while the truckers cut in for their part. Majority of the bootleggers receive about \$2 a ton for their coal at the "drops" and breakers. If a plan could be devised whereby the product of their "dog holes" could be prepared by legitimate concerns until the holes are ex-

hausted and the miners absorbed into legitimately owned business, the men would receive considerably more money.

"Should the time come when the bootleggers would be ready for acceptance into legitimate industry, there would be no question about their chances of joining the mine workers' union," a miners' leader declared. "The union would accept them." He doubted the possibility of objections because work might be spread even thinner. Instead, he said, "it would be an argument for all concerned, miners, operators and others, to go out and make further attempts to regain markets that have been lost because of various complications."

So great were the effects of peddling the bootleg tonnage at low figures and the subsequent price war that Glen Alden Coal Company, largest anthracite producer in the world, recently reported that though production increased 33% last year a lower realization on each ton of coal resulted in a net income of 18 cents a share of outstanding capital stock as compared to 23 cents a share in 1938.

## Long-Distance Saving

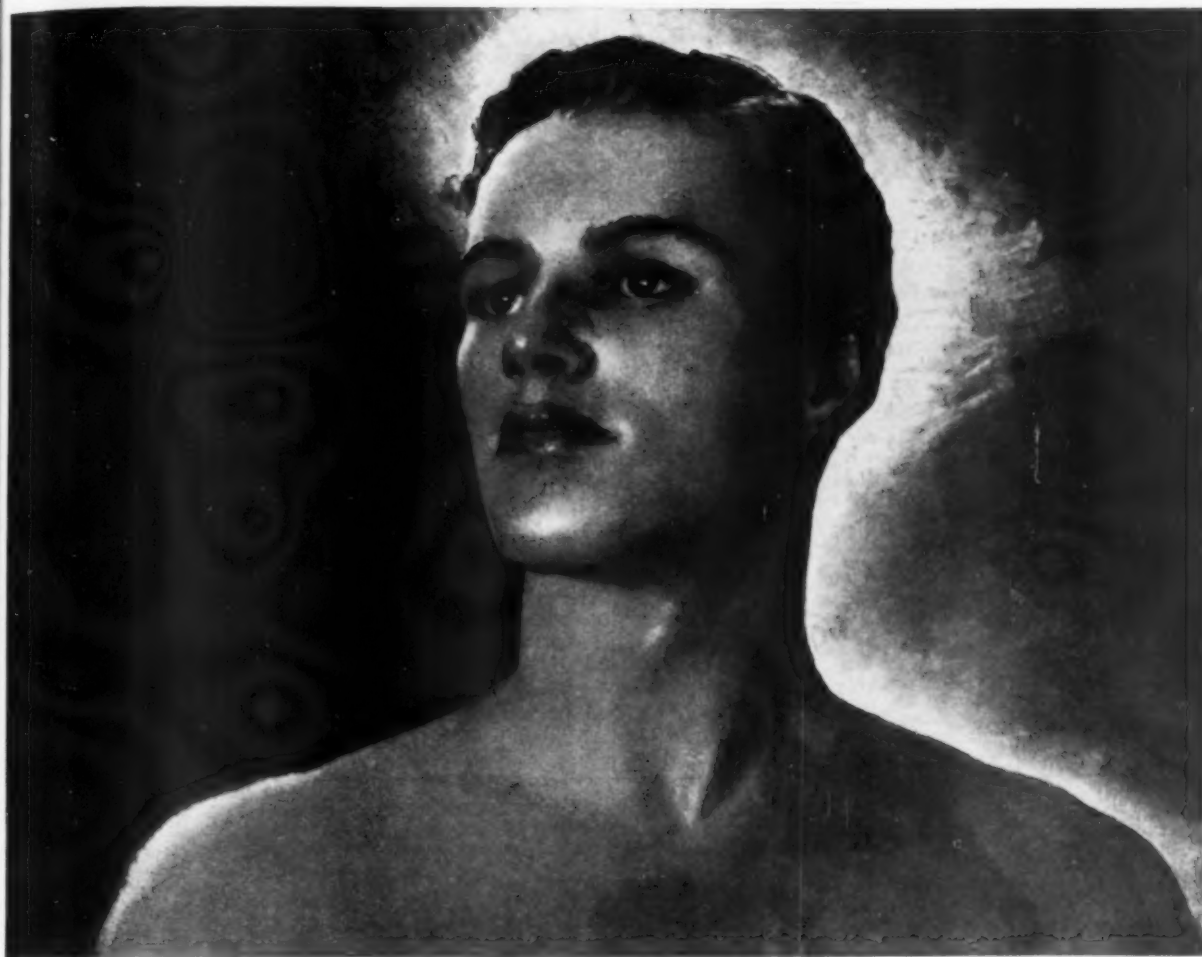
On new phone rate, the further you call the further the mileage cost comes down.

ANOTHER REDUCTION in long-distance telephone rates, amounting to a saving of perhaps \$5,500,000 a year to phone users, is scheduled to go into effect on or before the first of May. And one of the most interesting features of the rate cut is that it increases on a sliding scale in relation to the mileage.

This reduction, arranged in negotiations between the Federal Communications Commission and the American Telephone & Telegraph Co., applies only to calls for a distance of more than 420 miles. The longer the call, the lower the mileage rate. Thus the New York to San Francisco call, which is approximately the longest one, gets a maximum benefit: new station-to-station day rate will be \$4 instead of \$6.50 as heretofore, a cut of about 38%. Night-and-Sunday rates between these two cities would be cut from \$4.25 to \$3.

Similarly, the Chicago-Los Angeles day rate would be reduced from \$4.75 to \$3.50, or a little over 26%; New York to Minneapolis from \$2.90 to \$2.40 or about 17%; Boston to Chicago from \$2.50 to \$2.10 or 16%.

FCC expresses the belief that A.T.&T. will make up much of the reduction in gross revenues through increased business. It points out that the cut in 1937, which represented savings of some \$12,000,000 to long-distance users, did not proportionately affect the company's revenues, and attributes the result in part to the increased number of calls made at cheaper rates.



## WANTED—ALIVE!

He is the future incarnate . . . the sons of all men and women who live and hope and struggle on this star-lit, crazily spinning ball of Earth. On his shoulders rest the tomorrows of all mankind.

Once millions like him were sacrificed—needlessly. Not to the gods of war . . . not to the demons of epidemic . . . but to tiny bacteria that flourish in *improperly handled milk*. Today millions like him live, because today infant mortality from this

cause is rare indeed . . . thanks, in no small degree, to modern mechanical cooling.

The fact that today, nature's most perfect food is likewise nature's *safest* food, is a tribute to the dairy industry, the toil and devotion of hundreds of physicians, scientists, engineers, to the inventive genius of scores of American manufacturers . . . among them, York, whose equipment for mechanical cooling, pasteurizing and transportation of milk protects this most perishable of all food staples from farmyard to door-step.

The collective experience of York engineers, acquired in solving nearly 100,000 diverse cooling problems in the last half-century, is assurance of efficient and economical operation of the refrigeration or air conditioning you require for your business.

By all means, call "Headquarters" first.

• • •

York Ice Machinery Corporation, York, Pennsylvania. Headquarters Branches and Distributors throughout the world.



## Headquarters for Mechanical Cooling Since 1885

See the latest York equipment at the showroom of the York Branch or Distributor nearest you

Refrigeration and Air Conditioning for every Industrial Application • Comfort Air Conditioning for every type of Store, Restaurant, Office, Hotel, Institution or Residence • Marine Refrigeration and Air Conditioning • Yorkaire Automatic Heating • Refrigeration for every Commercial Use; Hotel and Restaurant Refrigerators; Beverage Dispensing Equipment • Flake Ice Machine—Ribbon Ice in 60 Seconds • Dairy and Ice Cream Plant Equipment • Refrigeration Accessories and Supplies.

## KEEPING UP WITH THE LITTLE WOMAN

... How a new basic material helps makers of refrigerators, ranges, water heaters, and roasters meet housewives' demands. How this same basic material might help you ...

**I**N GRANDMA'S DAY—even in mother's day—a refrigerator often let food spoil... the range made the kitchen hotter than Tophet... and the water heater provided only enough water for one hot bath at a time.

And did the housewife of that era protest? She did *not*! She took these household inconveniences for granted.

But today it's different. Today, the smart home manager demands as her right all kinds of advantages that would have seemed like Heaven to Grandma. For instance...

*From her refrigerator* she expects uniform low temperatures to keep her foods perfect, to supply sufficient ice to carry her through a long, hot week end. In brief, she expects it to do its stuff and last a long, long time.

*From her range* she expects quick, even heat, low fuel bills, and year-around comfort while cooking.

*From the heater* she expects a quantity of hot water that will be more than enough to take care of all the demands of all the family all the time—and at low cost.

Yes, today the lady of the house is a whole lot more demanding than she used to be. She expects and gets higher standards of performance. And how she has been supplied by the household appliance industries is another feather in the cap of American business ingenuity.

And now, a new basic material is aiding these industries in offering still more value for every dollar she spends on household appliances.

For the pacemakers in these industries

use this new basic material as insulation. As such, it's highly efficient. It not only keeps cold and heat where they belong, but it has other advantages as well (of which more later).

What is this new basic material? It's called Fiberglas.\* Although an *unseen* servant in 90 per cent of its uses, it is adding new sales values to hundreds of products today.

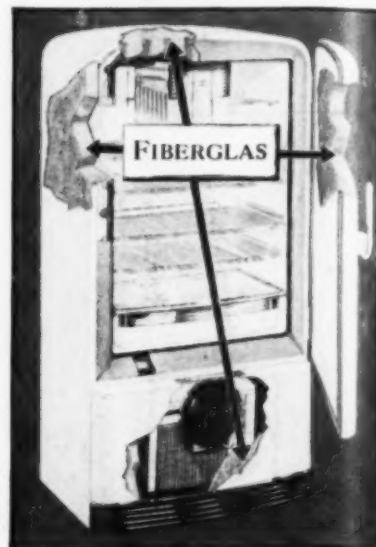
For it makes available in practical form the long-known thermal insulating properties of glass. In scores of fields, Fiberglas is setting new quality standards, saving weight, speeding up production, and offering new advantages both to buyer and seller.

Being glass, Fiberglas basic material doesn't burn or decay. It isn't harmed by moisture. It isn't food for rats or vermin. No acid (except  $\text{H}_2\text{F}_2$ ) will eat it. It won't conduct electricity. It's as unchanged by time as time itself.

Indeed, Fiberglas is glass. But glass with this fascinating and important difference: instead of coming in solid, inflexible sheets, Fiberglas comes in a variety of fibrous forms.

It can look and feel as soft and springy as wool. It can look and feel as thin and porous as the sheerest cloth. And again, strange as it may seem, Fiberglas... in threads much finer than a human hair... can be practically indistinguishable from the finest textiles. And it has enormous tensile strength!

Yes, it's a versatile basic material. It made possible the first inexpensive and replaceable air filter, which in turn made



**Women Today** Are finding out that beauty in a refrigerator is *more than skin deep*. They're *appreciating* the unseen role Fiberglas insulation plays in keeping uniform low temperatures at lower costs. Because it's glass—they know it lasts for years, won't settle. Door slamming won't make it sag.

possible clean, filtered, forced warm-air heat at low cost in thousands of homes, stores, and factories.

Fiberglas in the form of retainer mats also has helped *double* battery life in both high-quality and low-priced battery markets.

And as thermal insulation, it goes into ships, houses, railroad cars, trucks, trailers, and buses. Here it is favored because of its efficiency, resistance to vibration, and ease of handling. You also find it on boilers, turbines, process steam pipes, and other industrial equipment.

But the end is not yet.

As electrical insulation, it appears in motors which go into coal mines, chemical plants, paper mills, steel mills, or any place where vapors, heat, dirt, or "overload" attack ordinary motor insulation.

The chances are that Fiberglas can help *your* business. Perhaps it can cut costs. Or save weight. Speed up production. Or add new sales points. To find out, just write: Owens-Corning Fiberglas Corporation, Toledo, Ohio.

• See Fiberglas made: Glass Center, N. Y. World's Fair, 1940.

OWENS-CORNING

**FIBERGLAS**

• T. M. Reg. U. S. Pat. Off.



**Less Expensive** units made air conditioning practical for neighborhood movies, beauty parlors, small shops. Fiberglas Dust-Stop\* Air Filters, inexpensive and replaceable, helped manufacturers lower their prices. Result? More business.



**Not So Long Ago** it was the early bird that got the hot bath. Now the whole family does—and gets it economically. Why? Fiberglas insulated storage tanks keep water hotter longer, "recover" their supply quicker, make a difference in fuel bills.



Typical of Today's smart housewife is Mrs. William C. Gray, 20, Patten Avenue, Oceanside, Long Island, shown above with her 6-months-old daughter, Penelope. The Grays belong to the vast middle-income group of families whose demands for comfort, convenience,

and value have brought about higher standards in home appliances. Today, products bearing the label "Fiberglas Insulated" are meeting this demand. If you are a manufacturer, you need this sales advantage. If you are a consumer, insist on having it.



An Electric Roaster is a handy supplement to a kitchen range, especially for summer meals, evening snacks, and party eats. No small part is played by Fiberglas insulation, which makes electric roasters conveniently light and cooler to handle.



The Manufacturer of a certain chemical solution had to keep it at a uniform temperature from the time it left his plant until it reached the user. Fiberglas insulation on his tank cars was the answer. Above is shown a car being insulated.



For The Miners: gas masks and/or canaries to protect them from adverse conditions. For electric motors: Fiberglas Electrical Insulation—which stands up under "overload" and saves costly production tie-ups. "Tough jobs" are this insulation's meat.

Copyright, 1940, Owens-Corning Fiberglas Corp.

## LABOR AND MANAGEMENT

### Bathrobe War Ends

**Peace in New York jurisdictional row may hamper A.F.L. bid for I.L.G.W.U. support.**

AS PREDICTED (*BW—Nov 25 '39, p. 16*), the final curtain of "Who's Got the Contract?—or the Great Bathrobe Bicker" rang down last week on a scene wherein the principals—the International Ladies' Garment Workers' Union and the Amalgamated Clothing Workers—clasped

hands and resolved to call it quits.

Besides bringing jurisdictional peace to some 500,000 garment workers, the settlement, which was negotiated by Sidney Hillman, president of C.I.O.'s clothing workers, and David Dubinsky, head of the independent I.L.G.W.U., may seriously impede the American Federation of Labor's effort to attract Dubinsky's union into its ranks. Some union members think that the peace will mean that C.I.O. can persuade the independents to keep their unaffiliated status for at least another year, with the hope that C.I.O.-A.F.L. peace will be declared by that time. The whole trouble between the two garment workers' organizations began

last August (*BW—Aug 26 '39, p. 16*), when I.L.G.W.U. accused Amalgamated of walking in and grabbing contracts involving about 1,000 bathrobe workers in and around New York City. The question involved was whether bathrobes were men's or women's clothing. Underneath, was considerable jealousy over jurisdiction which was multiplied at the time I.L.G.W.U. assumed independent status by withdrawing from the C.I.O. a year and a half ago.

The dispute provoked picketing by the independent of Amalgamated headquarters and the trouble threatened to spread to "borderline" cases—all hinging on the difference between men's and women's clothing. One strike did develop in Port Chester, N. Y., against a manufacturer of men's clothing and women's suits and like garments.

Under the agreement reached at the meeting between Dubinsky and Hillman all pending controversies will be settled by direct negotiation between the two leaders, the Port Chester strike is to be called off, picketing of the Amalgamated offices will be discontinued at once.

### Guild Wins Twice

**U.P. and A.P. end fight by negotiating first press association contracts with union newsmen.**

THE AMERICAN NEWSPAPER GUILD last week celebrated its two most important contracts to date when the Associated Press initialed—and thereby approved—and the United Press signed agreements with the guild's New York local.

A. P. and U. P. are the two major press associations in the United States, and the six-year fight by union newsmen for press association contracts has been complicated by the fact that the guild has had to deal with the large companies on many local fronts—in all the cities where A.P. and U.P. have news bureaus, since association headquarters in both instances leave personnel problems and policies to bureau managers.

Celebration of the contracts was doubly sweet to Morris Watson, A.N.G. vice-president, who conducted the negotiations with both associations—for it was he who figured in the now-historic Supreme Court decision declaring the Wagner Act constitutional (*BW—Apr 17 '37, p. 13*). According to the decision in that case, Watson was fired by A. P. in October, 1935. Watson and the guild appealed to the National Labor Relations Board and subsequently fought the case to the high court for the first test of the law's constitutionality.

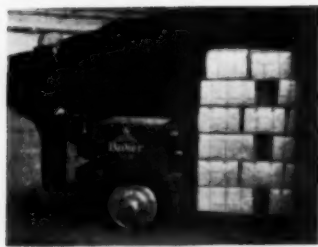
Now that contracts have been signed with the main bureaus of both press associations New York guildsmen feel that it will be easier for other A.N.G. locals to obtain contracts.

Not all union officials were pleased.



**BAKER TRUCKS** are saving  
**Time and Space (and Money) for**  
**CHAMPION PAPER MILLS**

*Baker Hy-Lift Trucks loading skids of paper into box car at Champion's Hamilton Mill.*



*Baker Trucks make quick work of unloading a car of baled pulp for Champion Paper.*



*Baker Hy-Lift Truck tiers skids of paper sheets to conserve space in the Champion warehouse.*

● A large fleet of Baker Trucks serves The Champion Paper and Fibre Company from the unloading of baled pulp to the delivery of the finished sheets and rolls to storage or shipment... Faster handling, greater maneuverability and heavier loads cut time and overhead. Tiering saves storage space... Like many other companies, Champion meets the demand for increased production without expansion with Baker Trucks. If this is *your* problem, Baker can help you, too.

**BAKER INDUSTRIAL TRUCK DIVISION**  
of the Baker-Raulang Company  
2164 WEST 25TH STREET • CLEVELAND, OHIO

OLDEST MANUFACTURER OF ELECTRIC VEHICLES

**Baker INDUSTRIAL TRUCKS**

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however, over terms of the agreements, which provide for a top minimum salary of \$55 a week for newsmen and photographers. The agreements also include a five-day, 40-hour week, severance indemnity ranging up to a maximum of 24 weeks' pay after 17½ years' service, and four-week vacations for market tabulators who do not get the five-day week.

Protests were filed by Guild officials of Philadelphia and Kansas City, who said the new contracts were "substandard." Acceptance of these terms in New York would mean that locals elsewhere would be unable to negotiate more advantageous contracts, they said. But the Wire Committee of the International Executive Board has officially approved the contracts, so no change is likely.

The New York Guild granted that minimums set up in the contracts are not up to New York daily newspaper standards—which include, in one instance, a top minimum for newspaper copy desk and rewrite men of \$75 a week.

These minimums, New York officials pointed out, in answer to the protests, have been achieved only in renewed contracts and argue that the association contracts are acceptable since they pave the way for future negotiations.

## Voice from Below

PHILADELPHIA'S C.I.O. claimed another precedent last week when one of its members invaded a fiery stockholders' meeting and delivered a bang-up election speech, thereby helping to keep the present board of directors of the Artloom Corp. in office. Several weeks ago, a group of stockholders announced a move to oust the 1939 board, and both factions began gathering votes.

Plant workers, pondering the outcome of the election, decided to act when they remembered that the incumbent board had turned in a net income of \$248,907 for 1939 over a \$96,927 loss for 1938, and that the company was now employing 635 employees on three shifts, against the 200 that were working only two days a week a few years ago. After listening to a representative of the employees, the opposition withdrew and the present directors were re-elected.

## Correction

PHILADELPHIA'S 500 hosiery workers who have been having union trouble in their cooperative Hancock Hosiery Mills (*BW*—Mar 16'40, p.32), last fall acquired the Westmoreland plant of the Interstate Hosiery Co., Inc., after Interstate had closed that branch of its operations. Contrary to implications of news reports, the Interstate Hosiery Co., Inc., is still operating other plants in Albany, Ga., Bloomfield, N. J., Lansdale, Pa., and Philadelphia. A recent financial statement from Interstate reveals that it paid dividends of \$2.27 a share in 1939.

# INDUSTRY SPEAKS FOR ITSELF

"Our knowledge of the good that has been accomplished by the thousands of dollars paid to our employees and their beneficiaries has justified the adoption and continuation of the plan. Group insurance unquestionably has a most definite place in present day employer-employee relations."

THE LIQUID CARBONIC CORPORATION  
Chicago, Ill.



THERE is no single answer to the problem of building employee loyalty. American industry has found, however, as in the case of The Liquid Carbonic Corporation quoted above, that group insurance, used to supplement existing Social Security Benefits, acts as a powerful factor in promoting better employer-employee relations.

It does this because it fills a primary need in employees' lives, a need that we all have for an adequate measure of security against the normal hazards of life and work.

A thoroughly practical and businesslike way of providing this protection for employees may be found in Connecticut General's new coordination of group insurance benefits, "The Protected Pay Envelope" plan. Here is a new conception of group insurance, flexible enough to fit the needs of nearly any organization, broad enough to provide real protection for employees against the hazards of death, accident, sickness and old age.

If you are interested in the promotion of better employer-employee relations . . . if you consider employee loyalty a tangible asset . . . you should investigate the possibilities this Connecticut General plan holds for your organization. Send for your copy of "The Protected Pay Envelope," a booklet outlining the working features of this plan. Another booklet of current interest, describing the amended Social Security Act, effective Jan. 1, 1940, will also be sent on request.

# Connecticut General Life Insurance Company Hartford, Connecticut



Life, accident, sickness insurance,  
annuities, and all group lines

## Running a Strike on a Business Basis



Strikers report for work every morning . . . get free meals at the headquarters cafeteria.

A LABOR LEADER'S ideal is to keep his strike running as smoothly as possible for the strikers, make life as miserable as possible for their employer. These pictures, taken last week at headquarters of the Hearst Strike Committee of the Chicago Newspaper Guild (C.I.O.), give an idea of the informal but effective organization behind a modern industrial dispute.

The strike has been on since Dec. 5, 1938, meets its weekly budget with \$3,300 in cash. Biggest item of expense is weekly loans: \$7 to an unmarried striker, \$10 to a married man, plus \$1 a week for each child up to three. Next comes food for the headquarters cafeteria, where any striker and his dependents can eat three free meals a day. And there is the \$133 a month rent for an office-building floor, for headquarters.

Total number on strike is 231. Of these, 50 are officially excused because they support themselves at other jobs. The rest must report daily—on time—for assignments, which include picket duty, handbiling against Hearst advertisers, operating sound trucks, and mail-

ing out the strike's "house organ." There are many everyday jobs, many devices for getting results at least cost. The telephone operator tends three instruments, uses a loudspeaker to call strikers. Tables and benches are home-made of



The telephone operator has his hands—and mouth—full.

plain lumber. Everybody on the staff is an actual striker; nobody draws any money above his weekly loan.

The strike is departmentalized into units such as Coordination, Press Publicity, Money Raising, and Advertising

Information. Financial Chief Greenock, former county building reporter on the Chicago Evening American, and his eight regular helpers have devised schemes which bring money from unions everywhere, including almost as many A.F. L. as C.I.O. units. Best cash-raising idea to date has been "Adopt a Striker," now bringing \$600 weekly from 120 contributors. Even more promising is a movie of the strike, recently made by striking news cameramen. A striker shows the picture before labor groups, explains it as it runs. Six prints are now on the road, in seven weeks have yielded \$3,000 on \$800 for original investment plus travel expense.

Every likely method is used to hold down strikers' money needs and keep up morale. Besides the free cafeteria, they have a clothing committee which solicits suits, coats, dresses, and children's wear from sympathizers, issues garments to strikers on approved requisitions. A circulation department striker, once a barber, now gives free haircuts, while his daughter manicures, waves, otherwise beautifies the womenfolks.



Strikers solicit clothing . . . turn out a "house organ" . . . have their own barber on hand.



**R**AILROADS last year paid 365 millions in taxes—a million dollars for every day in the year.

The important thing to you about these railroad taxes is that they are the same sort of taxes you pay on your home or your farm or business—by far the larger amount is paid to the states, counties and local communities. Every state and almost every county benefits by these payments, which go to support the activities of local government—and thereby help keep your taxes lower than they otherwise would be.

Railroad school-tax money, for example, pays for educating about 1,315,000 children every year. And that is only part of the story. Hundreds of counties depend primarily upon the railroads not only for the support of schools but for the maintenance of courts, law enforcement

agencies and public services of all sorts.

So the ability of the railroads to make a living and pay taxes is important to every other taxpayer.

But there is also another side to the railroad tax story.

Because the larger part of railroad taxes is levied against tracks, stations and other facilities which the railroads provide and maintain at their own expense, these railroad taxes are not like those paid by most other forms of transportation. The major part of the fees and gasoline taxes paid by commercial trucks, for example, is spent for their direct benefit on the highways they use. But no part of what the railroads pay in taxes comes back to them to help keep up the tracks over which they operate.

Furthermore, railroads are actually

taxed to provide and maintain the waterways and highways on which their competitors do business.

All these facts have a definite bearing upon the railroads' ability to make a living. They are something to figure into any program aimed to give the railroads a fair chance to meet other forms of transportation on equal terms.



★ ★ ★  
**APRIL**

"Perfect Shipping Month"

American shippers and consumers are saving millions of dollars a year because of better shipping and handling of goods, as a result of intelligent cooperative efforts by manufacturers, merchandisers and transportation agencies in the campaign for "Perfect Shipping and Careful Handling."

Let's all work—now—on still better shipping habits that will be profitable throughout the year.

Association of **AMERICAN RAILROADS** Washington, D. C.

## PRODUCTION

PRODUCTS • PLANT • PROCESSES

### Storage Provided by the Acre

**Latest trend in warehousing shown by far-flung, one-story structures which Sears, Roebuck and Sprague, Warner & Co. are building in Chicago.**

SEARS, ROEBUCK & Co. supposedly knows everything about merchandise warehousing. Two years ago its retail stores around Los Angeles needed a building to carry stocks of heavy, bulky items such as electric refrigerators and washing machines. The Union Pacific Railroad offered to erect and rent to Sears a one-story structure at about 25% less per sq. ft. than a conventional multi-story warehouse of equal capacity.

The firm's operating men did more figuring, decided to try it. They got the shock of their lives when this one-story warehouse cut operating costs, even without mechanical-handling equipment. The lack of bottlenecks at elevators proved a greater advantage than expected, especially during rush periods.

So, last week a Sears announcement indicated the firm has gone whole-hog for single-story warehousing with all modern accoutrements. In Chicago is being built its largest warehouse, 480,000 sq. ft. (more than 11 acres), for Sept. 1 occupancy, on ground recently purchased from Carnegie-Illinois Steel Corp. at 35th St. and Ashland Ave. This is not cheap real estate. Nevertheless, the structure will be only one story high except for second-floor office space.

#### Will Cover Four City Blocks

News of the Sears move had hardly hit the streets before Sprague, Warner & Co., Chicago food processing and distributing house, announced that it was going to build "the largest one-story warehouse in the world." The Sprague, Warner building will be of brick and steel, and will cover a half million square feet, or four city blocks. Three sites are being considered, all within two and a half miles of the loop.

The only part of the structure more than one story in height will be "a tower-like arrangement" to accommodate processing operations which make use of gravity. In the case of coffee, for instance, the roasting will be done on the fourth floor, blending on the third, packaging on the second, and shipping on the first. The warehouse will be highly mechanized, officials report, with devices for piling and carrying merchandise. It will be air-conditioned, will have no windows.

Light will enter through sawtooth style skylights.

The Sears building will incorporate every knack that the company has learned about moving goods mechanically in a straight line. Horizontal movement will be held to a minimum and will be mechanized to the maximum. The engineers estimate annual operating savings at \$50,000 on a merchandise flow of 60,000 tons.

The new building is laid out with double switch track on the north; here most of the shipments will be received. The south side is to be a continuous inclosed truck platform for outbound shipments. The east and west sides are also to be truck platforms, one for inbound freight, one for auxiliary uses.

The south truck dock, 784 ft. long, has doors and spaces for 80 big motor trucks, each space numbered for one of the predetermined 80 routes and directly backed by a route stall marked on the floor for accumulating next day's load. Directly behind these stalls runs a 700-ft. slat con-

veyor set flush in the floor. Merchandise marked for its route will go on the conveyor as orders are picked, and will be unloaded into the route stall by men working along the conveyor. Really heavy articles will ride the conveyor on flatbed rolling dollies which will remain under them from the time they are uncrated until the goods are in the motor truck.

North-and-south the building is 600 ft. wide. Inbound merchandise of large size will be uncrated close to the receiving dock, move straight across the building toward the shipping dock as it undergoes successive operations such as assembling, refinishing, storing. Two high-lift stacking machines will stow goods to the roof slab, which is 15 ft. clear at most points, 19 ft. at the rest.

#### Costs Cut in New Building

Construction cost of the single-story warehouse—\$800,000—turns out to be substantially lower per sq. ft. than for a multi-story building; the structural parts of the second-story office section of the building are costing 85¢ per sq. ft. more than the rest of the structure. Big saving is in cost of the floor slab, poured on fill, as compared with the cost of a floor erected on the conventional steel framing of a multi-story building. Heating cost is greater in a single-story warehouse because of roof loss and the large number of open doors, but since most of the building will be heated to only 50 degrees, this is negligible as compared with the operating savings. And the higher cost of roof maintenance is similarly unimportant. Otherwise, the maintenance costs are lower throughout for the single-story building.

### Southern Factory Built of Pressed Steel Panels



Soon the steel industry may be expected to point with pride to the new "all-steel" office and factory buildings of R. G. Le Tourneau, Inc.'s southern subsidiary at Toccoa, Ga. Of pressed steel panel, and arc welded

construction throughout, the office building has no windows, is air-conditioned and fluorescently lighted. The 135,000-sq.-ft. factory building (right), has conventional windows, but is of steel panel construction.

# NEW YORK LIFE

## INSURANCE



## COMPANY

A Mutual Company, Founded on April 12, 1845 . . . Incorporated under the Laws of the State of New York

THOMAS A. BUCKNER  
Chairman of the Board

51 Madison Avenue, New York, N. Y.

ALFRED L. AIKEN  
President

## 95<sup>th</sup> Annual Statement

### A BRIEF DIGEST...DECEMBER 31, 1939

Paid to Policyholders and Beneficiaries in 1939 .....	\$210,625,618
Increase of \$9,130,681 over 1938	
Total of such payments during the past ten years exceeded	\$2,180,000,000
Insurance in force, Dec. 31, 1939 .....	\$6,830,834,796
Increase of \$37,008,487 over Dec. 31, 1938	
New Insurance in 1939 .....	\$427,756,600
Increase of \$4,939,100 over 1938	
Surplus Funds reserved for General Contingencies, Dec. 31, 1939 .....	\$125,639,022
Increase of \$1,083,811 over Dec. 31, 1938	
Voluntary Investment Reserve, Dec. 31, 1939 .....	50,000,000
Increase of \$5,000,000 over Dec. 31, 1938	
Total reserved for Contingencies .....	\$175,639,022
Dividends payable to Policyholders in 1940 .....	\$39,216,872

The market value of all bonds on December 31, 1939 was \$55,000,000 in excess of the value at which they are shown in the assets below.

### ASSETS

Cash on Hand, or in Bank .....	\$67,927,082.39
United States Government, direct, or fully guaranteed Bonds .....	701,727,225.08
State, County and Municipal Bonds .....	243,755,266.62
Canadian Bonds .....	81,887,383.00
Railroad, Public Utility, Industrial and other Bonds .....	615,596,078.35
Preferred and Guaranteed Stocks .....	86,064,795.00
Real Estate Owned (Including Home Office) .....	123,135,251.65
First Mortgage Loans on Real Estate (including \$488,108.11 foreclosed liens subject to redemption) .....	450,586,021.57
Policy Loans .....	329,117,047.42
Interest and Rents due and accrued .....	29,323,995.01
Net Amount of Uncollected and Deferred Premiums .....	33,148,123.99
Other Assets .....	10,212.82
<b>TOTAL .....</b>	<b>\$2,762,278,482.90</b>

### LIABILITIES

Insurance and Annuity Reserves .....	\$2,245,682,435.00
Present Value of Amounts not yet due on Supplementary Contracts .....	147,366,448.04
Dividends Left with the Company .....	118,930,277.31
Other Policy Liabilities .....	15,898,719.23
Premiums, Interest and Rents Prepaid .....	11,091,117.08
Miscellaneous Liabilities .....	3,505,635.85
Estimated Taxes .....	4,947,956.39
Dividends payable to Policyholders in 1940 .....	39,216,872.00
Voluntary Investment Reserve .....	50,000,000.00
Surplus Funds reserved for General Contingencies .....	125,639,022.00
<b>TOTAL .....</b>	<b>\$2,762,278,482.90</b>

Securities valued at \$41,067,951.95 in the above statement are deposited with Governments, States and Trustees as required by law. Canadian currency Assets and Liabilities carried at par of exchange.

A more complete report containing a list of securities owned by the Company will gladly be sent upon request.

### BOARD OF DIRECTORS

ALFRED L. AIKEN  
President  
JAMES ROWLAND ANGELL  
Educational Counselor of  
National Broadcasting Company  
NATHANIEL F. AYER  
Treasurer, Cabot Mfg. Co.  
ARTHUR A. BALLANTINE  
Lawyer  
CORNELIUS N. BLISS  
Retired  
HENRY BRUÈRE  
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ROBERT E. DOWLING  
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Employers' Liability Assurance Corp.  
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Chairman, Southern Pacific Co.,  
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Chemical Bank & Trust Co.  
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Retired Banker  
GERRISH H. MILLIKEN  
President,  
Deering, Milliken & Co.

EDWARD L. RYERSON, Jr.  
Vice-Chairman, Inland Steel Co.  
Chairman,  
Joseph T. Ryerson & Son, Inc.  
HARPER SIBLEY  
Banking and Agriculture  
ALFRED E. SMITH  
President,  
Empire State, Inc.  
J. BARSTOW SMULL  
Vice-President,  
J. H. Winchester & Co., Inc.  
PERCY S. STRAUS  
President, R. H. Macy & Co., Inc.

## NEW PRODUCTS

### Streamline Conditioner

WHEREVER THE WEATHER is hot and dry, the "Streamline Air Conditioner" is designed to circulate air which has been cooled by the evaporation of water. Motor-driven brass buckets pick the



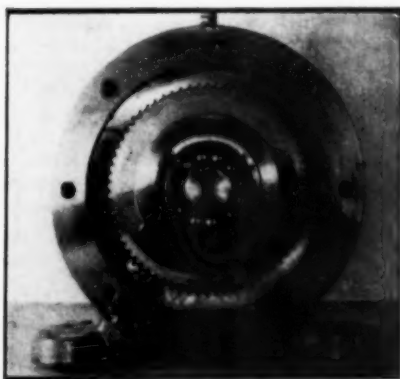
water out of a five-quart tank, throwing it on a webbing of fiber glass. A fan blowing through the webbing does the rest. A.W.K. Distributors, 1917 Broadway, Denver, market the device.

### Rear-Vision Periscope

NEWEST DEVICE for enabling a driver to see where he is backing his car is the Autoscope, an inexpensive "periscope" which attaches inside the rear window with three vacuum cups. It works in conjunction with the regular rear-view mirror, permitting a view of the ground right back of the car. Autoscope Mfg. Co., Delta, O., makes it.

### High Ratio Reducer

IN THE NEW Brad Foote Speed Reducer, compactness and high reduction ratios are secured by an unusual combination of a stationary internal gear and a combi-



nation internal and spur gear which revolves eccentrically to the former and engages with other gears. The number of teeth in the spur is fewer than those in the stationary internal gear, but the difference is so small that a large number of teeth are engaged at once. Brad Foote Gear Works, 1301 S. Cicero Ave., Cicero, Ill., makes the reducer in ratios from 20:1 to 7,500:1.

### Wrapping by Vacuum

ANTICIPATING the "stretch-wrapping" of powdered, granular, and even liquid substances with its Pliofilm sheeting (BW—Aug 26 '39, p24), Goodyear Tire & Rubber Co., Akron, O., has developed and patented a new Pliofilm Vacuum-Type Applicator. A sheet of the material is held in place over the aperture of a metal container and heated. When air is pumped out of the container, atmospheric pressure stretches the heated sheet down into it. The dry or liquid material to be wrapped is poured in and the package heat-sealed by twisting its opening.

### Humichest

RECENTLY INCORPORATED in two models of the 1940 Westinghouse refrigerator line is the Humichest, a glass-doored



compartment for keeping certain fresh foods fresher and longer. Westinghouse Electric & Mfg. Co., Mansfield, O., includes in the compartment a smaller one called a Dew Drawer for fruits and vegetables requiring 95-100% humidity.

### "PDCP" Copper

CONVERTED plastically from electrolytic copper without intermediate melting and casting, the new "PDCP" Copper is being produced by Phelps Dodge Copper Products Corp., 40 Wall St., New York. The metal, which is basically of the oxygen-free type, comes as smooth, dense copper bar, rod, strip, or other commercial shapes. The high pressure and the reducing atmosphere under which it is made promise to give the copper higher conductivity, ductility, and fatigue resistance, plus a sliverless, dustless, check-free surface.

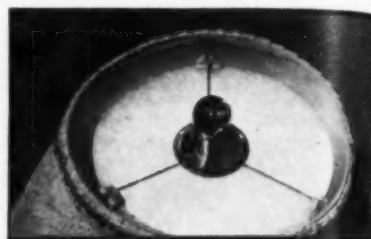
### Versatile Motor

ADVERTISING DISPLAYS, movie projectors, traffic signals, and many other devices require a timed power source to provide regular intermittent motion. Motorstat Electric Corp., 5005 Euclid Ave., Cleveland, is now in a position to make its new

Motorstat Synchronous Motor in speeds from 60 revolutions per second down to one per hour.

### Lamp Shade Grips

DESIGNED TO HOLD almost any lamp shade level on the glass reflector unit of an "I.E.S." (better light-better sight)



lamp, Anker-Kushins are little molded rubber gadgets developed by W. N. de Sherbinin Adapters, Inc., Mount Kisco, N. Y. A lengthwise slot grips the glass; a transverse slot grips the shade.

### Tire with "Outside Valve"

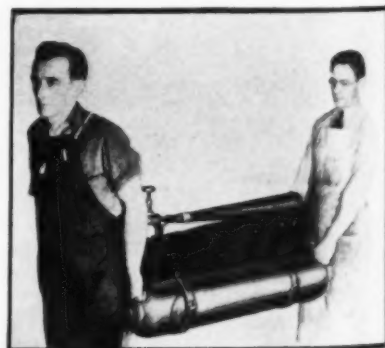
BACK IN 1937, Musselman Products Co., 6314 St. Clair Ave., Cleveland, introduced its Doenut Tire for industrial and construction purposes in three sizes from 10 x 2.75 to 16 x 4.40 in. The valve projected through a hole in the rim like any pneumatic tire. Now the company is bringing out a new line with an "outside valve," which does not contact the rim at any point, yet is so placed inside the inner curve of the tire that it will not be damaged by rubbing, scraping, or "creeping" when under-inflated.

### Gas Connector

ONCE A SPECIAL GAS INLET control valve, little larger than an electric convenience outlet, is installed in a wall, the new Insto-Gas Connector furnishes an easily mountable and demountable, flexible hook-up for gas ranges, refrigerators, and other appliances. New Products Corp., Benton Harbor, Mich., is bringing it out.

### Versatile Fire Fighter

NEWEST C-O-Two Fire Fighting Unit of C-O-Two Fire Equipment Co., 10 Empire St., Newark, N. J., hangs on the wall as a



stationary unit or may be carried easily to a fire by two men. Equipped with 50 ft. of hose and a large discharge "horn," it holds 50 lb. of carbon dioxide.

## TRANSPORTATION

### Big Trucking Merger

It's all a secret, but the resulting company (blanketing East) will be largest of its kind.

THAT BIG TRUCKING MERGER, of which there have been rumors, is coming along. Within two weeks, the names of the participants will be made known. When (and if) the merger is consummated, the new company will become the biggest single trucking organization in the world, its sponsors say—five times larger than the present titleholder, Keeshin Freight Lines, Inc.

There's been talk that the capitalization of the new company will be in the neighborhood of \$50,000,000 and that 27 separate companies will be parties to the merger. But the facts are these:

#### Exchange of Stock Contemplated

At present, it's all still in the discussion stage. What's contemplated is that a new buying company will be formed to take over the assets of the individual lines. The principals don't know yet how many truck lines will be involved in the deal; informed sources say it may be anywhere from 27 to 40.

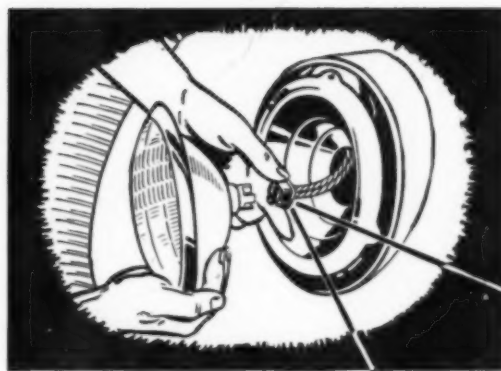
Kuhn, Loeb & Co. has been sitting in on the negotiations in an advisory capacity. When the principals are ready, this banking house will handle the financing arrangements. And although it will be largely a cash transaction, an exchange of stock is also contemplated, with one-third to one-half of the new issue to be offered to the public.

Meanwhile, the names of the parties to the merger remain a deep and dark secret. But when they are finally made known, they will be found to include important common carriers in Connecticut, New Jersey, Maryland, and North Carolina.

#### Competition for Railroads

When the new organization gets rolling, its 8,000 trucks will blanket the entire Atlantic Coast from Maine to Florida; it will also branch out westward, though not quite as far as Chicago, it is understood. It is going to have a more intensive coverage than the far-flung service of Keeshin, and aside from the advantages to be gained through economy in management, it will offer shippers the services of a centralized organization. It is certain to give the Eastern and Southern railroads a run for their money in wooing less-than-carload freight.

But the merger still has a big hurdle to hop in the shape of the Interstate Commerce Commission, whose permission must be obtained. Application for that permission will be made during the early part of May.



Heart of the new Sealed Beam automobile headlight is the tiny socket molded of special Durez plastic. Chosen for its strength, moisture resistance and high insulating quality, Durez plays a small but vital part in this important contribution to safer driving.

## IT'S UP TO YOU!



From the standpoint of utility, none of the articles illustrated here have anything in common. In design and manufacture, too, each presented a problem different from all the others. Yet, all make use of Durez plastics—to marked advantage!

To your product, too, Durez brings the same broad scope of design possibilities... the same opportunity for fresh style, modern beauty, new usefulness. Your designers who work with Durez can forget the limitations imposed by old type materials and literally "go to town" with new ideas expressed in this versatile medium! With it, they can give your product sparkling color, lustrous finish, strength with light weight, durability and a host of other real advantages. For information write Durez Plastics & Chemicals, Inc., 643 Walck Road, North Tonawanda, N. Y.



A new wrinkle in cleanser merchandising is the colorful molded Durez slip-cover for the Homebrite package. A new style note for an everyday product, it's moisture proof, too!



Beautiful styling and light weight are big advantages of the new Acousticon—gained with battery case and pick-up housing of precision molded Durez plastic.



High style for the kitchen are these modern utensils, with streamlined handles of molded Durez in sparkling colors. They're both long wearing and feather light!

## DUREZ PLASTICS & CHEMICALS, INC.

Plastics That Fit The Job

## More profitable business

Your business becomes more profitable when you decrease the unit cost of selling.

For many a product, advertising has done that. But it must be properly applied, with the right marketing background.

A competent advertising agency knows when, where, and how.

**Newell-Emmett  
COMPANY**

*Advertising Counsel*

40 EAST 34th ST., NEW YORK

## A FATHER'S OBLIGATIONS Do Not Cease When He Dies

His grieving dependents face the burden of family readjustment, without benefit of his affection and wise counsel.

Funds are sorely needed if the survivors are to carry on.

He cannot, therefore, leave too much life insurance.



**THE PRUDENTIAL  
INSURANCE COMPANY  
OF AMERICA**

Home Office: NEWARK, N. J.

## MARKETING

ADVERTISING · MERCHANDISING · SELLING

### P.M. Now Sure of Its Birthday

**Ingersoll's much-publicized new tabloid will definitely make its bow on June 1, with daily circulation of 200,000 at 5¢ a copy as immediate goal.**

FOR MORE THAN A YEAR, the newspaper trade has been gossiping excitedly about the new and startlingly different daily paper that Ralph McAllister Ingersoll, former publisher of *Time* magazine, was going to start in New York. Most of the talk has been based on rumor and guess, for Ingersoll made no official announcement until the middle of January (*BW—Jan 20 '40, p. 42*), when he let it be known that financing had been completed. He then had \$1,500,000 safely in hand and tentatively set June 1 as the first date of publication.

By this week, the June 1 date was no longer tentative. A board of directors had been chosen. Staff members were being hired. Editorial and mechanical ideas had pretty well jelled. The details of personnel, policy, and management add up to a publication so radically different that its success or failure will be a matter of first-class importance to every publisher and advertising man in the country.

Mr. Ingersoll is one of those bright young men. After Yale, and some experience as a Western miner, he had a short spell as a reporter for the *New York American*. Then he did free-lance writing, mostly for the *New Yorker*. At 25, he became managing editor of the *New Yorker*. At 30, he was managing editor of *Fortune*. At 35, he was vice-president and general manager of *Time*, Inc. At 37, he was publisher of *Time*. He's 39 today.

#### For an Interpretative Daily

Now the fact is that a good many of the people who work on weekly news-magazines don't think too much of a good many daily papers. The news-magazine people argue that their own success is tangible evidence that newspapers don't do a job. If the dailies didn't leave folks starved for understanding (so the argument runs) who'd buy the weeklies?

It isn't a matter of record when Ingersoll began to dream of a new kind of daily that would condense and interpret the news. But a year and a half ago, while still with *Time*, he set up Publications Research, Inc., with a little office in Radio City. The outfit consisted of

three men—Edward Stanley, formerly with the Associated Press as executive assistant in charge of Wirephoto; Donald Stewart, a certified public accountant; and John Wharton, a lawyer. These men talked to printers and paper companies, gathering costs. Costs were all-important, for the paper that was being planned would carry no advertising; it must live on circulation revenue alone.

At first, the embryo publishers were interested in offset-lithography, which is just now getting its long-awaited chance in newspapers in another new venture, the Hartford, Conn., *Newsdaily* (*BW—Mar 9 '40, p. 34*). Ingersoll decided that lithography isn't yet ready for the high-speed makeup he needed. The answer was the same when interest shifted to rotogravure. So when the new paper got started ten weeks from now, it will be printed by the traditional letter press method. Superior paper stock and a new cold-set ink are counted on to give far better-than-average reproduction.

#### Assembling the Angels

While costs were being figured, Ingersoll was busy with his left hand turning out the paper's first dummies. Such famous writer friends as Dorothy Parker, Oscar Levant, and Dashiell Hammett helped, laboring for love. Last April things had progressed to the point where Ingersoll was ready to leave his job at *Time* (with six months' pay) and set about the serious business of raising capital.

The story is that for the next few months Ingersoll divided his time between writing dynamic prospectuses and delivering forceful sales talks. By September he had lined up three angels with \$1,500,000. When bombs began bursting in Poland's air, two backed out. The third, Mrs. Marion Rosenwald Stern, daughter of the founder of Sears, Roebuck, stuck.

Nothing daunted, Ingersoll went back to his sales talks. And now the completely-organized Publications Research, Inc., can boast a "Who's Who" board of directors the like of which perhaps no newspaper has ever had. In addition to Mrs. Stern, there are these:

Marshall Field, grandson of the founder

of Chicago's world-famous department store;

John Hay Whitney, millionaire sportsman and sometime Hollywood producer;

Chester Bowles, board chairman of Benton & Bowles advertising agency;

William Benton, co-founder of Benton & Bowles, who left the agency four years ago to become vice-president of the University of Chicago;

Owen B. Winters, half owner of the advertising agency of Erwin, Wasey & Co.;

M. Lincoln Schuster, partner of Simon & Schuster book publishing house;

John L. Loeb, of the New York brokerage house of Carl M. Loeb-Rhodes & Co.;

Louis S. Weiss and John F. Wharton, members of the law firm of Cohen, Cole, Weiss & Wharton, which represents Mr. Ingersoll;

Harry Cushing, vice-president of E. H. Rollins & Co., New York bankers;

Mrs. Louis Gimbel, of the department store family;

Nathan W. Levin, manager of the Rosenwald Family Association, which handles 70-odd trusts for the family;

Harry Scherman, president of The Book of the Month Club;

Deering Howe and Garrard Winston, partners in the firm of Sherman & Sterling, attorneys for National City Bank;

Huntington Hartford, nephew of the brothers who founded and control Great Atlantic & Pacific Tea Co., will name a director.

In addition, Ingersoll himself is a director, and two others will be named by John Hay Whitney and Marshall Field.

### More Ingenious Art Work

The paper is to be called *P.M.* That's the name dopesters gave it a year ago, and it's going to stick. Publications Research recently bought rights to the title from a printing group that had a trade paper by that name.

A tabloid, *P.M.* is to be smaller than existing tabloids—10½ inches wide by 12½ inches deep, with four columns to the page. It will have 32 pages, day in and day out, at least half of which will be given over to pictures or drawings. Ingersoll hopes to use drawings more ingeniously than newspapers have in the past. As a means of getting in contact with artists, *P.M.* has just announced a \$1,750 competition, in collaboration with the Museum of Modern Art, for artists who can report the news with pen or brush.

Like a weekly newsmagazine, *P.M.* will be departmentalized. Though the publishers say plans haven't finally congealed, a glance this week at the latest dummy shows the news broken down into these departments: War, Domestic, New York, Hollywood, Radio, Critical, Political, Sports, Business, Opinion, National, Education, and Useful News.

The Useful News department represents the greatest break from traditional newspaper practice. It's directed at the

# WHAT IS A TRUCK-TRAILER?

## AND HOW DOES IT SAVE ON HAULING COSTS?

The answer is as simple as ABC and savings for owners are certain!



1 This is a truck chassis. It can be used either to carry or pull loads.



2 Here is a modern Fruehauf Trailer. Fruehaufs are in use in more than one hundred lines of business.



3 Couple the truck to the Fruehauf Trailer and you have a Truck-Trailer with which you can haul 3 or 4 times as much because the truck can pull far more than it can carry.

You save on first cost since you can use a smaller truck to pull a given load. The cost of the small truck and Fruehauf Trailer is usually one-third less than a big truck which carries the entire load.

The smaller truck costs less to operate than a large one—as much as 30% less. Your upkeep will be less for the smaller truck—savings may be as high as 35%.

Your depreciation will be less because the smaller truck costs less to buy and to replace—less to write off each year. A Fruehauf Trailer lasts 10 years or more—write-off yearly is extremely small.

You can save still more by a "shuttle" operation. Leave only the Trailers to be loaded or unloaded. Use the truck continuously to pull first one and then another of the Trailers ready to be moved.



The Fruehauf Truck-Trailer story is one of savings from start to finish. The booklet "Executive Thinking" tells all. It is yours upon request.

World's Oldest and Largest Manufacturers of Truck-Trailers  
**FRUEHAUF TRAILER COMPANY • DETROIT**  
Sales and Service in Principal Cities

A few desirable territories are available for well-financed distributors. Complete details will be sent upon request.



Thanks to motor trucks, fresh fruits, vegetables, seafoods and other perishable foods are now available to communities of every size the year 'round. Living standards have been raised and costs of living have been reduced.

# FRUEHAUF TRAILERS

"Engineered Transportation"

housewife and will point up best-buys in New York stores. Because *P.M.* itself will carry no advertising (this decision may come up for reconsideration some day), it will digest the ads of other New York papers.

The paper will have no editorial page, but the Opinion department will carry letters to the editor. Each day the letter posing the most interesting question will be answered by what *P.M.* considers the best available authority—by Mike Jacobs if the subject is fight promoting, by Mayor La Guardia if it's running a city.

*P.M.* will have no comics or columnists. There will be little financial news; instead, the Business department will carry stories of broad interest. If stock quotations are used at all, they will be limited to 10 or 15 leaders.

### To Break Even—200,000

As its name implies, *P.M.* will be an evening paper, but whether six or seven days a week hasn't been finally decided. Costs are likely to be the determiner. Right now, *P.M.* figures that to break even it will have to get a daily circulation of around 200,000 at 5¢ a copy—and that it can get that many readers without disturbing the circulations of other New York papers.

To avoid heavy investment in plant and to retain flexibility for new printing developments, *P.M.* will farm out its printing—just where is still a secret, but it's known that trial runs are being made on a press of the Brooklyn *Eagle* which has been equipped to handle the new Velo ink. The new ink (*BW—Mar 9 '40, p. 42*) marks a reversal of existing printing practice. The Velo ink is a solid rather than a liquid, and comes in lumps like coal. It is liquefied by hot water circulating through special jackets built into the press, and hardens on contact with cold paper. Since the new ink solidifies instantly on top of the paper, without sinking into the fiber, it is claimed to give a far sharper impression on rough paper.

### Heading Up *P.M.*'s Staff

Since *P.M.* was first talked about, there have been something like 4,000 applications for editorial jobs. Ingersoll will be editor. Managing editor will be George Lyon, most recently editor of the now defunct Scripps-Howard Buffalo *Times*. T. M. Cleland, designer of such magazines as *Fortune* and *Scribner's*, will be art director. Elizabeth ("Fashion is Spinach") Hawes will edit the Useful News. Otho J. Hicks, from the National Retail Dry Goods Association, will digest advertising bargains in other papers. Henry Baker, general manager of International News Photos for the last 12 years, and William McCleery, from *Life*, will head up picture activity.

All told, there will be about 60 on the staff, and appointments are being made from day to day. That's about all that's left to be done before the jump-off June 1.

## Sears Gives Old Tires a New Push

**Program of mounting farm equipment on used rubber is unfolded before store managers, indicating that a merchandising drive may be in the making.**

KEPT UNDER WRAPS for months has been Sears, Roebuck & Co.'s projected line of farm equipment mounted on used (not new) automobile tires. First official peep came with the new Spring catalog (*BW—Feb 3 '40, p. 34*) offering a hayloader, mower, hand cart, farm wagons, and trailers equipped with drop-center rim wheels to take 6.00 x 16 tires. This is the size used by low-price automobiles.

Two weeks ago, when 500 Sears store managers and executives assembled at Chicago for their annual meeting, there was talk of a good many other items on used tires besides those shown in the

catalog. Sears is close-mouthed about the used-tire farm stuff, but bringing the store managers in on the plan suggests that the response to its restrained catalog offering has encouraged the company to ready a big merchandising push. The lines are obviously being laid, although production will not be sufficient to stock all stores for some time.

Origin of the idea is uncertain. One report in the trade is that it was brought to this country by—of all people—the British in charge of marketing colonial rubber. They want to get off the market as many junk tires as possible, thus en-

### What the States Will Spend—and How— for Advertising This Year

State	1940 Funds	Spent to Attract—			Advertising Media—		Radio	Encouragements—			
		Indus-try	Agri-cul.	Tour-ists	Mag-a-zine	News-paper		Dir. Mail	Mov-ies	to Industry—	Tax Con-cessions
Ala.	\$60,000	X		X	X	X	X		X		
Ariz.	75,000	X		X	X		X				
Ark.	75,000	X	X	X	X	X	X		X	X	X
Calif.											
Colo.	17,500	X		X			X	X			
Conn.	30,000	X	X	X	X	X	X				
Del.										X	
Fla.	825,000	X	X	X	X	X	X			X	
Ga.											
Ida.	65,000		X		X	X					
Ill.	125,000	X	X	X							X
Ind.	25,000	X	X	X	X	X	X		X		
Ia.											
Kans.	60,000	X	X	X	X	X	X	X	X		
Ky.	20,000	X		X	X	X	X			X	
La.	125,000	X		X	X	X	X			X	X
Maine.	300,000	X	X	X	X	X			X		
Md.	46,000	X	X	X			X	X		X	
Mass.	83,900	X	X	X	X	X	X		X	X	X
Mich.	125,000		X	X	X	X	X	X	X	X	
Minn.	50,000			X	X	X	X	X	X		
Miss.	50,000	X	X	X	X	X	X			X	
Mo.											
Mont.	60,000			X	X	X	X		X		
Neb.	25,000										
Nev.	7,500	X		X	X		X			X	X
N. H.	98,414	X	X	X	X	X	X				X
N. J.	100,000	X	X	X	X	X	X				X
N. M.	135,000			X	X	X	X				
N. Y.	500,000	X	X	X	X	X			X		
N. C.	100,000	X		X	X	X	X				
N. D.	50,000	X	X	X	X	X	X	X	X		
Ohio.	100,000	X	X							X	
Okla.											
Ore.	100,000			X	X	X	X	X			
Penna.	394,000	X	X	X	X	X	X	X			X
R. I.	22,500	X		X	X	X	X			X	X
S. C.											
S. D.	40,000	X	X	X		X	X		X		
Tenn.	50,000	X	X	X	X	X	X			X	X
Tex.											
Utah.	20,000			X	X	X	X				
Vt.	49,000	X	X	X	X	X	X	X		X	
Va.	68,500	X		X	X	X		X		X	
Wash.	166,000	X		X	X		X				
W. Va.	25,000	X	X	X	X						
Wis.	68,615		X	X	X	X	X	X			
Wyo.	32,500	X		X	X	X	X	X		X	

Data: Council of State Governments.

# MAN IN AMERICA . . . !

This man—the employable man without a job—symbolizes our most vital national problem.

We hear much about the preservation of free American enterprise. Rightfully so. We hear as much about legislative experiments and bureaucracies which hamper industry and frighten private capital. Again, rightfully so.

But had it not been for this man—and the methods by which we, as a nation, have sought to solve his problem, we would not

today be faced with the current very real threat to our economic freedom.

There is an answer to his problem—to industry's problem—an American answer—one which can preserve our American system and bring America to greater prosperity than we have ever experienced. In August, McGraw-Hill will devote an entire issue of FACTORY, entitled "What Industry Can Do For America" to point the way to that answer.

★ The complete story of the issue is dramatically told in this book. It shows just what industry can do for America. If the manufacturing industries represent an important market for your products, you will want to hear this story. Let us know when it will be convenient for us to present it to you.

330 W. 42nd ST., NEW YORK, N. Y.

A B C



A B P



courage tire makers to use more virgin rubber and less reclaim.

Priority for putting farm machines on used tires in the U. S. is claimed by Ohio Cultivator Co. of Bellevue, Ohio, which developed the idea two and a half years ago. It offered its "Famous Ohio" manure spreader in 1939 at \$175, optional either on conventional all-steel wheels or on rims to take Ford-Chevrolet-Plymouth-size tires. Of several hundred sold, 60% were equipped for rubber tires. One of its first machines went to the New York experimental farm at Ithaca, is still in use there. Right now Ohio Cultivator Co. is experimenting with several other implements, but is not talking for publication.

Akron has viewed the idea biliously since it first caught on, has prophesied it would never work. Its success would certainly kill off tiremakers' hopes of selling huge quantities of new tires for farm implements, would probably end their conferences with farm machinery makers which have been under way for months to standardize tire and rim sizes in this field.

Neither Ohio Cultivator nor Sears is interested in the tire manufacturers' doubts. They say the idea has proved itself. Their claim is that age-retardants used in automobile tires leave the ordinary tube and casing good for several years of slow-speed, low-mileage service on farm tools after they are no longer safe for fast driving on the highway.

### Chance to Work Off Old Tires

The units in Sears' 1940 spring catalog are priced complete with used tires, not because of preference but because they had to have tires on the rims to describe the machines as "airwheeled," a term since relinquished because of conflict with an Akron trade-mark.

Present plans are to put out the machines with rims but without tires when sold through retail stores, let the farmer use his own old tires or hustle up a set for himself from the filling station. But there is one angle that might induce the firm to change its mind and sell them complete with second-hand tires: Sears takes in trades hundreds of thousands of old tires at \$3 a set from purchasers of Allstates, might welcome the opportunity to work off the better ones at \$5 a set instead of selling them to junkers at 5¢ per lb.

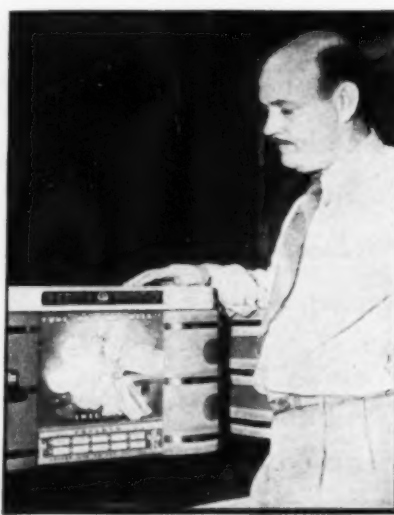
Cost of new tires is prohibitive for most farm equipment that is not used every day, excepting only tractors. One manufacturer sells his hayloader for \$162 on steel wheels, for \$272 on rubber tires—67% additional. Obviously a farmer simply cannot stand such a cost penalty on equipment that he uses only a few days a year. But he can pay a little extra for drop-center rim wheels, plus the price of four elderly tires if he cannot keep his implements supplied from those his car wears out.

The farmer is already convinced that

rubber-tired farm machines pull easier, save fuel, and last longer because of less jolting.

All omens seem to favor the used-tire equipped unit. If it sells proportionately as well for big Sears, Roebuck as it has sold for little Ohio Cultivator, the idea may spread into every farm community by next autumn and probably every other manufacturer will have the same thing by 1941. Thus the farm equipment of the nation would, in the years of a single replacement cycle, shift from steel to rubber. One question, however, can be answered by time alone: Will the ancient tires cause so much tire trouble the farmer pitches them on the trash heap and goes back to the old-time steel wheels?

### Price Cut



*It only costs a penny—instead of the usual nickel—to coax a tune out of this new automatic phonograph developed by Dr. Gordon K. Woodward, a Los Angeles physician (above). The machine uses a new type of record, 16 inches in diameter, with ten separate songs (more than an hour of tunes) on each side.*

## Orchids to Everybody

**Biggest U. S. producer of luxury flower hopes to widen market by bringing prices down.**

ABOUT \$1,000,000 WORTH OF ORCHIDS are sold at wholesale annually in the United States. This means a retail business of between \$2,000,000 and \$5,000,000, centering around the luxurious flowers which a few American women will wear proudly in tomorrow's Easter style strut—to be envied by the millions whose husbands or escorts couldn't afford to dig deep for the \$5 to \$15 the individual blossoms cost. But this year there will be more orchid-

wearers than last year, and next year, if new merchandising plans continue to pay dividends, there will be even more.

Of the \$1,000,000 wholesale orchid business between 45% and 50% goes to Thomas Young Nurseries, Inc., which has its main plant (224,000 square feet under glass) at Bound Brook, N. J., with a subsidiary nursery in Cleveland. More important, the Young plant probably produces between 80% and 85% of the hybrid orchids sold in the U. S. annually. (Hybrids are carefully bred out, in contrast to species—plants brought up directly from South America, and other sources of supply.)

### Middle Group's Dream Fulfilled

Wall Street came to the orchid business when the investment banking firm of Charles D. Barney negotiated the purchase of Young's interest in 1929 for Reybarn Co. and Selected Industries, Inc. After a series of changes and liquidations, the nurseries are now operating independently, with Carl R. Beckert, formerly of Barney, as president. Beckert's biggest idea so far has been to lower and equalize the wholesale price of orchids, bringing them well within reach of the middle-income group.

Ordinarily, orchids sell anywhere from 35¢ to \$7.50 wholesale, 79¢ to \$15 retail, depending on the season. They go for least in July and August, for most around Christmas and Easter, the biggest week of the year. But for over a year now Beckert has been offering florists a standard order service, whereby they get a certain number of flowers weekly at a flat rate of \$1 a blossom, 10 months (discounting July and August, which orchidmen write off the calendar) a year.

## Gasoline Price Sags

**Industry's stocks on hand as heavy buying season arrives are highest ever recorded.**

THE HEAVY gasoline consuming season officially begins the end of next week. The oil industry is entering that season after setting a new record: gasoline stocks, around the astronomic levels of 100,000,000 bbl., are the highest ever recorded. These stocks, in the opinion of many, will act as a drag upon prices unless they are sufficiently drawn down through curtailment of production.

Already these stocks have had a depressing effect upon the price structure. Since December, wholesale gasoline prices have reacted 1¢ a gal., while retail prices have given way 1¢ a gal. Only last week, Socony-Vacuum contraseasonally reduced its tank-wagon price of gasoline 1¢ a gal. in the flush New York and New England area. Sporadic price cuts have been taking place in the heavy demand areas of the east and mid-Continent.

That gasoline stocks would reach 100,

000,000 bbl. and would have a depressing effect upon prices was anticipated weeks ago (*BW—Feb 10 '40, p. 25*). Production of the byproducts—residual and fuel oils—successively swelled gasoline stocks during the winter months, since gasoline had to be produced in order to obtain the fuel oils. A second contributing factor has been export business (or rather, the lack of it), which has proven a big disappointment to the industry (exports of gasoline during January were the lowest in four years).

In the meantime, Illinois, which is the sore thumb of the oil business, has been blithely forging ahead and swiping a bigger share of the market (of the 100,000 barrels of crude oil estimated to be moving under the posted price, three-quarters of it are believed to be in Illinois). Also, Texas this month chose to ignore the Bureau of Mines estimates of demand, and has been producing crude oil far above demand requirements.

### Most Majors Stand Pat

There's a situation in California the industry is watching with interest. Last month, Standard Oil of California, the bellwether of the Pacific Coast group, suddenly cut crude oil prices 4¢ to 15¢ per gal., depending on gravity (*BW—Feb 10 '40, p. 27*). But only one major company followed suit.

In view of Standard's cut, and the refusal of other majors to go along, much relief was expressed last week, when the Central Committee of California Oil Producers declared that "there has been no slackening in curtailment of crude production," and that "the industry continues to hold the progress attained in earlier months when restrictions were tightened." C.O.P.'s emphasis on the continuing success of the voluntary production restrictions (California is the only state operating under voluntary control) is probably in answer to the Cole bill enthusiasts, who have been saying that the program is cracking. What worries California producers more than the pro-rate is the decrease in offshore business with Japan. Shipments to Japan in February were about 51,200 bbl. daily against 77,000 a year ago.

### Stockings Come Down

GOATHAM SILK HOSIERY CO. led off the long-expected cuts in retail prices of nationally advertised silk stockings last week, slashing its Thriftee (lisle) top models to 69¢ a pair retail or \$5.40 a dozen wholesale—lowest price ever quoted on a national brand. The same stocking listed formerly at 86¢ a dozen wholesale and 79¢ a pair retail.

Slashes are expected to be more general, and more severe, as a result of Gotham's move. Object is to reverse the trend of hosiery sales, which has been on the down-grade, following sharp advances in the early part of the year.

## WANTED: Technological Unemployment after 5 p. m.



THERE are few secretaries who wouldn't pass up cheerfully the last late chore of the business day—getting out the mail. In most modern offices, the Pitney-Bowes Postage Meter gets the job, and does it better!

Feed a flock of envelopes through a Postage Meter, and they come out as fast as an efficient machine can handle them—with postage *printed* and flaps sealed. A dated postmark and advertising slogan is printed when the stamp is printed; and Metered Mail gets through the postoffice faster because it needn't wait for canceling and postmarking. The Postage Meter saves work and time, and invariably postage; and a stampless office saves worry. Postage in a Meter can't be lost, taken or traded—has no value except on your business mail! The Meter not only provides any stamp value needed for letters or parcel post, but records postage used and postage on hand on always visible dials.

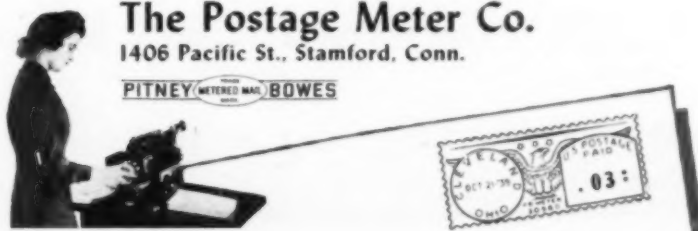
Call our nearest office for a Postage Meter demonstration in yours. There's a model for every business, large or small. And a call now will start a Postage Meter saving for you—soon!

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IN CANADA: The Canadian Postage Meters & Machines Co., Ltd.

### The Postage Meter Co.









1406 Pacific St., Stamford, Conn.

PITNEY BOWES



## The Business Record, State by State

### Per Cent Gain or Loss in 1939 Compared With 1938

States by Regional Groups	 Passenger Car Sales	 Gasoline Consumption	 Household Refrigerator Sales	 Ordinary Life Insurance Sales	 Value of Checks Drawn	 Farm Income	 Electric Power Output	 Heavy Construction
<b>New England</b> .....	+45	+5	+55	+8	+6	+3	+14	+17
Maine.....	+29	+4	+41	+6	+4	+10	+6	-15
New Hampshire.....	+46	+8	+50	-4	+9	-0.4	-1	+38
Vermont.....	+42	+6	+23	-2	+8	+8	-10	+34
Massachusetts.....	+45	+5	+48	+8	+5	+1	+14	+12
Rhode Island.....	+56	+7	+98	+17	+9	+4	+41	+26
Connecticut.....	+48	+6	+74	+11	+7	-3	+25	+21
<b>Middle Atlantic</b> .....	+37	+5	+53	-6	+2	+3	+11	-12
New York.....	+36	+5	+48	-10	+2	+5	+10	-25
New Jersey.....	+36	+5	+49	-2	+5	+4	+19	+21
Pennsylvania.....	+40	+6	+61	-0.1	+7	+2	+11	+13
<b>East North Central</b> .....	+55	+7	+55	+3	+9	+4	+14	+40
Ohio.....	+59	+7	+67	+6	+10	+5	+14	+40
Indiana.....	+50	+6	+66	+2	+11	+3	+12	+58
Illinois.....	+44	+7	+42	-1	+7	+7	+17	+48
Michigan.....	+87	+9	+62	+13	+16	+6	+14	+16
Wisconsin.....	+27	+4	+53	-3	+7	-4	+8	+24
<b>West North Central</b> .....	+25	+4	+50	-3	+6	+11	+4	+5
Minnesota.....	+15	+4	+53	-6	+5	+5	+16	+69
Iowa.....	+26	+4	+55	-1	+6	+12	-1	+15
Missouri.....	+38	+7	+50	-0.1	+6	+11	-3	+16
North Dakota.....	+14	+3	+31	-4	+7	+35	+10	+20
South Dakota.....	+34	+3	+59	+1	+7	+13	+10	+45
Nebraska.....	+15	+4	+57	-1	+5	+13	+11	+12
Kansas.....	+27	+2	+33	-6	+2	+8	+4	-35
<b>South Atlantic</b> .....	+47	+7	+56	-1	+7	+2	+15	+70
Delaware.....	+41	+5	+56	+16	+10	-1	+17	+96
Maryland.....	+44	+7	+46	-1	+7	+1	+5	+18
District of Columbia.....	+43	+8	+29	-2	+7	...	+28	+181
Virginia.....	+35	+8	+67	-3	+3	-3	+16	-2
West Virginia.....	+39	+6	+66	+0.1	+5	-0.01	+26	+92
North Carolina.....	+36	+7	+53	-2	+8	+0.4	+14	+62
South Carolina.....	+59	+9	+65	+1	+12	+11	+15	+106
Georgia.....	+62	+7	+80	-6	+9	-4	+8	+45
Florida.....	+63	+7	+49	+4	+10	+13	+13	+138
<b>East South Central</b> .....	+50	+6	+78	-1	+10	-7	+21	+33
Kentucky.....	+34	+7	+79	-9	+5	-9	+4	+31
Tennessee.....	+50	+3	+83	+4	+15	-6	+16	-8
Alabama.....	+58	+7	+67	+3	+9	-9	+28	+100
Mississippi.....	+63	+8	+79	-2	+5	-4	-9	+45
<b>West South Central</b> .....	+28	+5	+41	-2	+3	+5	+9	+18
Arkansas.....	+62	+7	+72	-3	+9	-0.4	+3	+24
Louisiana.....	+31	+4	+46	+2	+2	+6	+14	+39
Oklahoma.....	+15	+4	+56	-7	-1	+8	+5	-33
Texas.....	+27	+6	+32	-2	+5	+5	+8	+39
<b>Mountain</b> .....	+36	+6	+47	-3	+5	+12	+26	+2
Montana.....	+33	+5	+59	+7	+13	+24	+19	+49
Idaho.....	+44	+6	+55	-6	+4	+14	+14	-22
Wyoming.....	+40	+11	+54	-4	-0.2	+9	-1	+5
Colorado.....	+39	+5	+40	-6	+3	+9	+5	+11
New Mexico.....	+30	+6	+37	-7	+9	+12	+7	-1
Arizona.....	+22	+4	+74	-2	+3	+5	+95	-19
Utah.....	+42	+7	+37	+0.04	+10	+2	+25	-21
Nevada.....	+27	+14	+30	-1	+4	+15	+24	+15
<b>Pacific</b> .....	+29	+5	+47	-3	+4	+6	+3	-25
Washington.....	+39	+3	+71	+6	+8	+12	+7	-45
Oregon.....	+36	+7	+59	-2	+7	+6	+17	-26
California.....	+27	+5	+41	-4	-1	+5	-0.2	-11
<b>UNITED STATES</b> .....	+40	+6	+53	-1	+4	+5	+12	+8

# MONEY AND THE MARKETS

FINANCE • SECURITIES • COMMODITIES

## Markets Improve on War News

**Commodity price averages rally after reaching lowest levels since outbreak of war. Oil shares hold despite record storage of gasoline.**

MARKET SENTIMENT this week continued to be dominated by news from Europe, and as long as this situation persists it may be anticipated that price sentiment will be as variable as the winds. Experience of the last few days has been typical enough. On Monday, when Hitler and Mussolini were holding their conference at the Brenner Pass, opinion in financial circles shaded ever so slightly toward peace. By Wednesday, after the French cabinet had resigned under criticism of the passive war policy and after England had carried out its heaviest aerial bombardment of the war on German naval bases, the swing definitely was toward a long war.

Price trends over the last few days have reflected these changes in sentiment clearly enough. Last week and on Monday of this, stock prices edged lower and some commodities sank fairly sharply. Commodity price averages, in fact, on Monday were at the lowest level since the outbreak of the war. On Tuesday and Wednesday, however, stock and commodity prices began to perk up again. And, with the moderate show of strength in these markets, United States

government bonds were subjected to some selling on the theory that a long war won't help the prices of fixed-income securities.

Certainly there was nothing in the week's domestic news to cause these cross-currents in the markets. The decline in business has not yet been arrested, and it now has reached the critical point at which it should stabilize unless the first half of 1940 is to turn out substantially poorer than had been expected generally.

### Commodities Persist in Decline

The stock market, over the last six months, hasn't been too good a barometer of business activity. Share prices refused to follow the business boom late in 1939 and they have failed to make any response to the decline thus far in 1940. Commodities have been quite a bit more sensitive. Average prices of major industrial raw materials have declined almost without interruption since the turn of the year.

With this in mind, such sensitive markets as those for the non-ferrous metals will bear close watching over the next

few weeks. The rush of buying in these metals, notably copper and lead, late in February and early in March has apparently satisfied all short-term requirements. Orders have dwindled almost to the vanishing point and prices have weakened.

Statistically, the major non-ferrous metals are in a sufficiently good position to respond quickly to any improvement in demand. Copper, lead, and zinc, along with steel scrap, often serve as pretty reliable forecasters of basic conditions in the vital heavy industries, and how these metals fare during the next few weeks will be of greatest importance.

### Trouble in Petroleum

An industry which faces a none too rosy outlook right now is petroleum. Outstanding symptom of the trouble is the storage stock of gasoline, which now exceeds 100,000,000 bbl., the highest level in history (see page 44). Behind that statistic is the story of uncontrolled production in Illinois with that state now taking third place in crude oil output, and the inclination of other states to abandon restrictions on production as long as Illinois insists on running full tilt. Oil shares, in the face of this situation, have done almost nothing since the beginning of December. BUSINESS WEEK's average of 12 oil stocks stood at 20.1 almost four months ago and now is 19.9.

This stability may be in part accounted for by profits on very large sales of fuel oil in recent months. Also, it is expected that gasoline, now entering its period of largest sales, will move in record quantity. Nevertheless, storage supplies look 20% to 25% too high to many students of the industry, and export demand, the war notwithstanding, has been the poorest in four years.

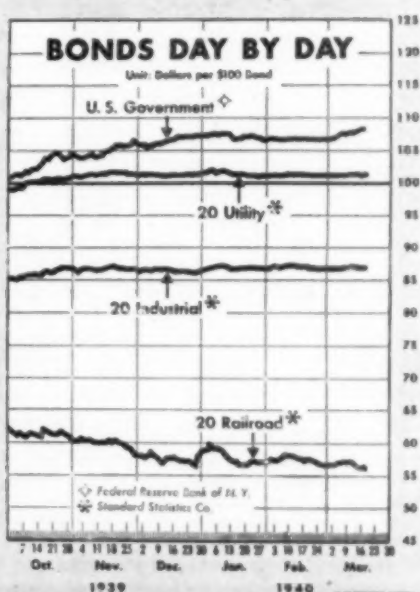
### STOCKS DAY BY DAY

1936=100



### BONDS DAY BY DAY

Unit: Dollars per \$100 Bond



## Giannini Truce

**Bank of America dispute with Comptroller's office adjusted, with both sides winning points.**

ABOUT 14 MONTHS ago the Securities and Exchange Commission launched an attack on the Giannini's giant holding company, Transamerica Corp. Widely it was gossiped that the SEC had been sicked onto the Bank of America crowd by the Treasury, even that there was personal animosity between Secretary Morgenthau and the Gianninis.

Early in the fight well-informed observers were inclined to expect a compromise between the SEC and Transamerica. But that was before personalities began to be dragged into the thing, before patriarch Amadeo P. Giannini announced that he was "cured and disillusioned" with "government by headlines." Thereafter the commission broadened its investigation, and shortly the Treasury was in the argument through the Comptroller of the Currency's office.

Yet the Bank of America people have contended all along that the government had something less than a good case, and out of Washington for some weeks have been coming rumors of a settlement by compromise. On Thursday of last week, financial writers in San Francisco got wind a Page 1 story was about to break.

All day Thursday the boys camped at the entrance to the board room at 1 Powell St.—the same room in which they had heard, at the annual meeting a few weeks earlier, L. M. Giannini threaten to convert his institution into a state bank if the Treasury didn't stop "harassing" its management (*BW* — Jan 20 '40, p. 44). Late in the afternoon, just in time for newshawks to catch their final editions, a noticeably relaxed and happy "L. M." emerged to greet the reporters with a prepared statement:

"In line with our policy to take the public into our confidence, I am pleased to announce that after several weeks of discussion the differences between the Comptroller's office and the bank have been composed."

There was nothing about various points at issue with the SEC. However, it is assumed that if Secretary Morgenthau spurred the commission into the controversy he can as readily terminate that portion of the dispute.

### Bank Will Raise More Money

Chief points at issue between the Comptroller and the bank concerned (1) the traditional 1-to-10 ratio of capital to deposits, (2) dividend policy, and (3) valuation of banking premises. The bank's statement indicates that it gave it on the first point, won out on the second, and compromised on the third.

As to capital, the bank had contended

that its capital funds were twice as high as the law requires and much larger than could be employed profitably in the present money market. However, it has agreed to raise \$30,000,000 on new stock, either preferred or common. Present stockholders are to have first call on the new securities and the Reconstruction Finance Corp. will be approached for any additional funds needed to bring capital up to about \$150,000,000.

Inasmuch as no formal statement has been made on dividends, the bank's management appears to retain the right to decide disbursements.

A committee of three—the Federal Reserve Bank of San Francisco's chief examining officer, the chief national bank examiner for the district, and the Federal Deposit Insurance Corp.'s supervising examiner—will appraise the banking premises which are now carried at \$31,530,765. The bank retains the privilege to appeal the committee's finding, but meanwhile will set up a reserve of \$6,900,000 from undivided profits to cover a possible write-down.

Several minor points at issue were settled in the agreement. Among them is the method of valuing bond investments, certain inter-company transactions, and elimination of Transamerica's obligations to the bank by 1945.

## How Brokers "Inc."

**Stock Exchange governors weigh proposals about what form incorporation shall take.**

WHEN THE board of governors of the New York Stock Exchange gathers in solemn conclave next week, it will have another set of those suggestions for enhancing customer protection to decide upon. This set of suggestions involves the important question of broker incorporation, and arises from the recommendations made last year by the public examining board of the exchange.

A committee headed by Paul V. Shields of Shields & Co. has been looking into the matter for the past five months. It suggests that brokers be permitted to incorporate either all their activities or only the brokerage or underwriting phases if and as they choose. These proposals do not meet with the full approval of the Securities and Exchange Commission, although it has not officially expressed itself on the report.

Of course, incorporation, in and of itself, gives the customer no new protection. In fact, he loses something through the limitation of liability. However, incorporation would make it much simpler to arrange with the insurance companies to bond the fellows who now are partners and, in the new set-up, would be officers.

At the same time, another exchange committee, one headed by Philip W.

## DO SMELLS KILL SALES?

**END DISAGREEABLE, BUSINESS-ROBBING ODORS BY INSTALLING COMPACT DOREX ODOR ADSORBERS**



Shoppers welcome the clean odor-free air of DOREX-equipped stores. Clerks' efficiency rises when odors are banished. Products are no longer odor-contaminated.

**DOREX**  
ODOR ADSORBERS  
FOR AIR CONDITIONING  
AND VENTILATION

THOSE objectionable smells—that plague sales and contaminate stocks—are removable by installing DOREX Odor Adsorbers in ventilating and air conditioning systems.

Inserted in the air ducts, the economical DOREX Adsorbers will extract all odors from any volume of air. These compact, replaceable adsorption units, employing highly activated coconut

shell carbon, have an average effective life of two years. Since they reduce the need of "outside" air for odor dilution, heating and cooling costs are reduced too.

Learn why hundreds of firms find DOREX a strong trade-builder and cost-cutter. Write today for Bulletin 105A.

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Russell, of Fenner & Beane, has been looking into a second important subject—that of revenues. And one of the proposals it's been considering is for member firms to split commissions with non-member firms.

The general practice has been for members to reciprocate with non-members who give them business in listed shares, by throwing over-the-counter business their way. Penn Harvey, a partner in the exchange firm of W. E. Burnett & Co., proposes in a memorandum sent to member firms that split commissions be substituted for the practice that prevails, as a means of stimulating larger volume (hence commissions). Another member firm, Cranberry & Co., last week circularized 2,200 members of the National Association of Security Dealers who are not Big Board members, to sound them out on the idea. Early replies favored the proposal.

## Bid, But No Taker

**Halsey, Stuart tries for Chicago Union Station business, but it goes again to Kuhn, Loeb.**

ONCE AGAIN financial circles are buzzing about competitive bids for new issues of corporate securities. Latest episode saw Halsey, Stuart & Co. submit the only bid when the Chicago Union Station asked for tenders on \$16,000,000 of 3½% bonds. Then, two days later, it suddenly became known that the company had turned down the bid and taken the deal to its traditional bankers, Kuhn, Loeb & Co. (There are a good many thousand words in the Temporary National Economic Committee's record outlining the history of this banker-client relationship along with several others.)

The terminal company didn't announce what Halsey, Stuart bid for the bonds. One report is that the tender was 98.05. Anyhow, the Kuhn-Loeb group bought the bonds for 99.43. It's a safe bet that this price was higher than the lone bid; the terminal company otherwise couldn't have acted as it did, no matter how much it might have wanted to do business with its regular bankers.

## Business Goes to Wall Street

Now, of course, opponents of competitive bidding are saying, "See; that's the kind of mess you get into every so often with sealed bids." To keep the record straight, however, it must be pointed out that, if bidding was a general practice, the big eastern bankers probably would not have boycotted the sale. Probably at least two other syndicates would have put in bids and there would have been another story to tell about the price.

It's money in Wall Streeters' pockets but it won't hush up the Securities and Exchange Commission's talk about concentration of power.

# BUSINESS ABROAD

FOREIGN TRADE • INTERNATIONAL AFFAIRS • FOREIGN INDUSTRY

## Canadian Vote Hinges on Business

**Conservatives assail Premier King because British orders aren't bigger, but fear that change would slacken economic pace operates in Liberals' favor.**

OTTAWA (*Business Week Bureau*)—Canada's general election on Mar. 26 isn't going to be the walk-over for Prime Minister Mackenzie King's Liberals which many predicted. Growing bitterness has been adroitly capitalized by the Conservative opposition. Criticism of the government centers on: (a) the allegedly incompetent and half-hearted manner in which Ottawa has conducted its war effort and (b) failure of British war orders to reach expectations.

Conservatives charge that lack of co-operation with the British government has caused the placing in the U. S. of many contracts that should have gone to Canadian industry. War cry of Dr. Robert J. Manion, Conservative leader is, "A country at war needs a national government." He claims that if elected he will include Liberals in a "best brains" ministry. Prime Minister King insists on a straight Liberal party ministry.

Prime Minister King dissolved the first regular war parliament after a four-hour

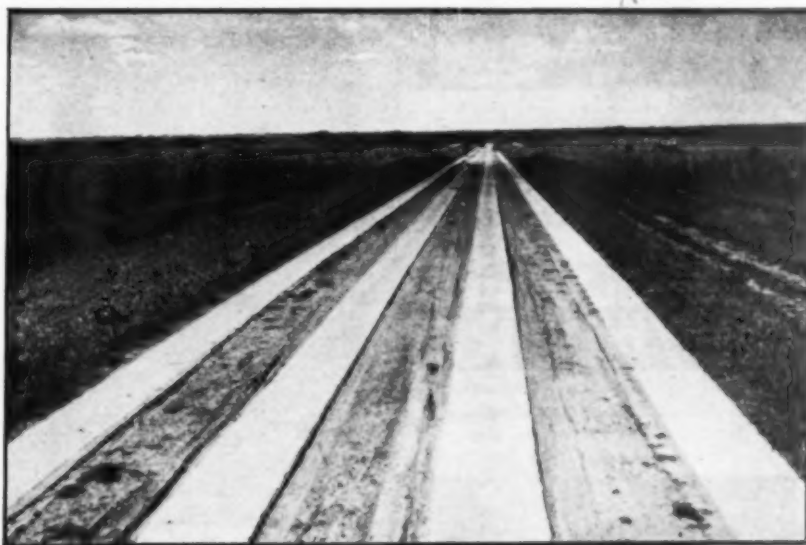
meeting on January 25 (*BW—Feb 3 '40, p51*). The sensational move was a retort to King's personal and political enemy, hard-hitting Premier "Mitch" Hepburn of Ontario. Hepburn had forced through his provincial legislature a searing condemnation of the Ottawa government's war methods.

## Strategy May Have Miscarried

By setting the date only two months ahead King hoped the country would get its grouches off its chest in time to line up solidly behind an intensified war drive expected in the spring. He also figured that the short campaign would give the opposition little time to "sell" its case to the public. The Liberals are disconcerted by the dissatisfaction that grows as the election draws near.

Telling attacks have been made on the vast scheme for training aviation pilots. From the imperial proportions first proposed by the British, the project has been whittled down until it is little more

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than a Dominion enterprise. Mr. Hepburn's latest outburst on this subject has stirred the entire country.

On Feb. 10 a number of future air fighters "absented themselves" from the St. Thomas Training School and had to be rounded up by the military police. Mr. Hepburn charged that this was a walk-out by the entire school to express disgust over lack of instructors and equipment. He declined a suggestion for a public inquiry into the incident but sent his provincial police commissioner, W. H. Stringer, to investigate. Commissioner Stringer, not unexpectedly, reported that the facts justified Mr. Hepburn's attack. Certainly he found evidence that all was not well at St. Thomas.

One kick-back of this incident was the resignation (later withdrawn) of Harry Nixon, provincial secretary, from the Ontario cabinet. Nixon has been Hepburn's right hand man. He explained his resignation as a public disapproval of Mr. Hepburn's charges of "violent disturbances" at the St. Thomas air school, the Ontario legislature's censure of Ottawa's war efforts and other attacks on the Mackenzie King government.

### Conservatives Woo Radio Vote

Manion makes a strong bid for the radio vote by promising to abolish the \$2.50-a-year license on receiving sets. This fee produces \$3,000,000 annually which, with the addition of about \$500,000 from advertising programs, supports the national broadcasting system. Manion's policy would mean self-support through increased sale of time for advertising or the voting of funds by parliament from the general revenue. Public resentment against heavy advertising schedules caused the establishment of public service broadcasting.

The Liberal government is vigorously defending its work. It claims that its war record is commendable when due allowance is made for the confusions of the early months. It contends that the Liberals alone can keep the country united in the war since it has the support of French-Canadian Quebec in the determination to avoid conscription.

Line-up in the old House of Commons gave the Liberals every statistical reason for confidence. Mackenzie King had 180 members to Manion's 38. For the 245 seats in the Commons the Liberals have 244 candidates, the Conservatives 217. There is a sprinkling of Commonwealth Federation (Socialist) candidates, Social Crediters, and Independents.

### Draw Would Impede War Work

The realization that a victory for the incumbent Liberals will mean no interruption in war business is an important advantage at the polls. Should the Conservatives triumph there would be some slackening during the change-over. What is most feared is a draw. This might cause a real hitch in war activity, what

with each party trying to corral Independents or to break off members of opposing major group and the general difficulties of forming an effective compromise government.

Both sides are making use of emotive appeals, especially those harking back to the first World War. In this particular Conservative Manion has the better of the argument over Liberal King. Manion saw active service in the war as a medical officer with the rank of captain. During that period Mr. King industrial relations work for the Rockefeller in the U. S.

## New Trade Restrictions

**British try to improve their foreign exchange position while driving for new markets.**

LONDON (Cable)—Latest move to boost British holdings of foreign exchange take the form of regulations issued this week which require overseas customers to pay for purchases of whisky, furs, tin, rubber and jute in dollars, guilders, belgas, and Swiss francs. These restrictions are expected to augment foreign exchange resources without losing markets abroad. The Latin American response will be watched with interest, since an intensive British trade drive is expected to center below the Rio Grande.

Main reason for the deflection of British trade expansion efforts toward Latin America is that, while English exports to continental neutrals are holding up surprisingly well, the German economic drive to dominate Scandinavia and the Balkans precludes much chance of British expansion in those regions. As experts are conscious of the potential market for manufactured goods in the agricultural countries of the Western Hemisphere. The Export Council, formed a month ago to organize industry for a try at increasing foreign trade balance (BW—Feb 10 '40, p.60), is being taken seriously by the trade associations today.

### British Seize Their Chance

Among the interests already actively discussing trade moves to hold up the export positions and grab German markets are the wool, pottery, cutlery, rubber goods, and edge tool industries. Standardization of British products and subcontracting of orders seem inevitable. Shortage of raw materials is a big stumbling block for some manufacturers, and rationing (or some other measure which will limit domestic consumption in favor of exports) is believed to be imminent.

British interest in expanding foreign trade has become so great lately that notwithstanding the direct relation between the military and economic aspects of war, the French have become apprehensive over which is first in the mind of London—the war or exports.

## WAR BUSINESS

REGULATIONS • WAR ORDERS • TRADE CONDITIONS

### Soviet's Victory a Boon to Reich

**Defeat of Finland assures flow of materials to Germany from Scandinavia and makes possible direct economic aid from Russia.**

DIRECT CABLES from realistic American observers in European capitals cut cleanly through conflicting propaganda and give U. S. business men a guide to the economic significance of Russia's triumph in Finland. The shock of Soviet-Finnish treaty soon to be negotiated in detail will be felt far beyond the revised borders of the two countries. It places new responsibilities on Franco-British war strategy and will color whatever peace the sit-down western war produces.

Berlin considers the Soviet-Finnish peace and the agreement to supply annually 12,000,000 tons of coal to Italy overland as major victories in Hitler's diplomatic war. The burdened and run-down state of German railroads conditions the outcome of the coal compact. But there is no doubt about the advantages to Germany of the peace forced on Finland.

BUSINESS WEEK's Foreign Editor flew to Europe a month ago to be on the spot for the crises forecast for mid-

March. From Berlin he wirelessly on Tuesday the grounds on which German optimism is based:

"Peace in Finland removes the possibility of present Allied intervention in Scandinavian affairs and the danger of cutting off the flow of vital Swedish iron ore to Germany. This threat has been a nightmare to Nazi leaders.

"Peace also improves the chances of Germany obtaining promised raw materials from Russia. It reduces the Soviet's war-time consumption of oil and other essentials, relieves pressure on transportation. Moreover, it re-opens for Germany vital resources in Finland which have been blocked by the fighting.

"Russia has first call on these supplies, but she is expected to share them with her ally. Attention centers on Finland's nickel and copper. Geographically Finland retains most of these deposits but their final disposition forms an important item in Soviet-Finnish negotiations which

### Peace and War

THE WEEK saw another "peace scare" but it quickly faded. Prices took an upward tilt as the conviction grew that Europe was in for an exhaustive struggle. Peace speculation began with the Soviet knock-out of Finland. It figured largely in the wild rumors that swirled like the Alpine snow about the curtained car windows as Hitler and Mussolini held their two-and-a-half-hour confab in the Brenner Pass. Peace certainly was discussed. But the Nazi leader must have stressed his more immediate problem—that of freezing the present Balkan situation with the aid of Russia and Italy. This would protect the German left flank as the Finnish peace does the right flank, localizing the danger of attack to the heavily fortified Westwall. Allied set-backs were met by a fighting speech from Prime Minister Chamberlain. His oratory was accompanied by a British bombing of the Nazi air base on Sylt Island, a reprisal for the German raid on Scapa Flow in which, as the indignant British point out, a non-military Scot was killed. Meantime a French cabinet shake-up indicated the growing public resentment against the policy of sitting this war out. Sumner Welles left for home with a bulging briefcase but with no olive branch in his teeth. Berlin hails the Soviet-Finnish agreement as a German victory. Economic effect of Russia's triumph is revealed herewith in a Berlin wireless from BUSINESS WEEK's Foreign Editor and cables from other capitals.

### The Axis Connects Again



When the axis partners met in Berlin in the fall of 1937 (left), it was Hitler who got in the last word. But when they met last week at the Brenner

Pass (right), for their fifth face-to-face encounter, it was apparently Premier Mussolini who had the last word to say this time.

begin shortly. Berlin takes it for granted that Russia will give due consideration to German requirements.

"The coveted Petsamo nickel mines (which Finland retains within her boundaries) are owned by Mond Nickel Co., of England, a subsidiary of International Nickel Co. of Canada. Equipment was being installed when war broke. Operations were expected to start sometime this fall. The deposits average 1.6% nickel and 1.32% copper. Both are indispensable war metals. The Finnish government probably will have nominal control of output but must defer to Soviet dictates."

The dispatch points out that the Finnish state owns the Outokumpu copper mines in about the middle of the country. Before the war their production was absorbed mainly by Germany. Importance of Finnish copper is multiplied by the fact that Finland and Yugoslavia are Ger-

# The War Week in Business

## At Home

### Diplomacy

Discussions which Secretary Hull described as "safeguarding American commercial interests" continued this week in Washington between the State Department and representatives of the Allied economic high command. An understanding over some of the points of friction which have resulted from the Anglo-French economic cartel and the blockade of Germany is expected shortly.

Hull also made news when a letter of his to the Inter-American Advisory Committee was revealed as indicating the willingness of the United States to sign an agreement which would lead to the setting up of an inter-American bank capitalized at \$100,000,000. Date set for signing was April 14—Pan-American Day.

### War Orders

WHILE CONGRESSIONAL investigating committees looked into the release of late model planes for export and discussions continued between (1) Allied purchasing heads and Morgenthau and (2) Allied buying experts and American plane manufacturers, the following new orders were known to have been placed: The Norwegian government signed a \$1,500,000 contract for 24 Northrop patrol bombers; Consolidated Aircraft was reported to have obtained government permission to fill a \$9,000,000 Anglo-French order for patrol bombers.

When Prince Bertil of Sweden sailed late last week for home, he said that Swedish purchases had totaled about \$20,000,000, and that a military buying group would continue active here, arranging in particular for the purchase of fast torpedo boats, ammunition, military searchlights, and arms.

### Trade Conditions

TO CONSERVE foreign exchange, imports of canned or bottled fruits were prohibited after Mar. 19 by the British government. Pacific coast packers were directly hit by the new ruling which cuts off a trade with England which amounted to about \$14,000,000 in 1938. Two months after the war started, British and French imports of fresh fruit were banned, destroying a \$16,600,000-a-year trade (BW—Nov. 27, 1938 p. 49).

American exports in February totaled \$339,000,000, compared with \$216,157,000 for February, 1939, preliminary figures from the Department of Commerce show. February, 1940, shipments were \$20,000,000 under the peak reached in December principally because: (1) Exports to Japan were exceedingly high just before abrogation of the United States-Japanese trade pact on Jan. 25 and dropped about \$15,000,000 in

February; (2) Shipments of cotton, aircraft, and copper were down.

### War Toll of Merchant Ships

	Total Through This Week (262 Days)		Total Through Week Before Last (188 Days)	
	No.	Tonnage	No.	Tonnage
British ...	189	715,370	180	694,864
French ...	20	81,550	19	78,413
Neutral ...	186	517,265	175	478,114
Total ...	395	1,314,185	374	1,251,391
German ...	36	186,434	33	169,871
Grand total	431	1,500,619	407	1,421,262

## —And Abroad

### Great Britain

THE FOLLOWING official actions, relevant to England's war policy, were of particular interest this week: Higher minimum prices on government bond issues were announced (prices on government offerings had been pegged since last September); the import of all food-stuffs came under government license regulations; the £300,000,000 war loan at 3%, offered publicly last week, was oversubscribed; and an Anglo-Spanish commercial agreement was signed.

### Germany

ACCORDING to official statistics, the German national debt amounted to \$15,272,000,000 at the end of November. During the month of November the debt went up about \$800,000,000, mainly as a result of special war loans.

From Germany this month, in a report of the *Institut für Konjunkturforschung*, comes an official estimate of the population of enlarged Germany—112,412,000. In the following table the populations of the Old Reich, former Austria, and the Sudetenland are based on a May 17, 1939, census, according to the publication. Danzig's figure is based on a census of Jan. 1, 1936. Memel's on a Jan. 1, 1939, tabulation. Polish figures are "roughly estimated." Figures for Bohemia and Moravia are from "Newly published" sources. Slovakian figures aren't documented.

Country	Population
Old Reich .....	69,486,000
Former Austria .....	6,695,000
Sudetenland .....	3,396,000
Danzig .....	406,000
Memel .....	154,000
Former Poland .....	22,000,000
Protectorate (Bohemia and Moravia) .....	7,045,000
Slovakia .....	3,230,000
Total .....	112,412,000

### Soviet Union

THE SOVIET UNION was reported to have bought between 15,000 and 20,000 tons of Peruvian sugar this week. This indicates that Japan, as well as Russia, will not be exporting sugar this year, for Japan has heretofore supplied any deficiencies which Russia has experienced in its Far Eastern section.

### Turkey

AS A POTENTIAL CENTER for war, Turkey is being eyed closely by Russia and Germany; Ankara is also the scene of many conferences with Allied representatives. These conferences with the Allies are reported to revolve around (1) the setting up of an Allied air force in the Near East which would use Turkish air bases and would be manned by French, British, and Turkish aviators; (2) the possibility of chartering Turkish merchant ships to the Allies for shipments to France and England.

### Japan

TOKYO has launched a trade drive in Latin America, preparing to "scatter" her trade among different nations "to cope with the possible break in Japan's relations with the United States." Negotiations in Tokyo with the Argentine mission are already boiling down to a trade agreement under which the Argentine is to swap wool, wheat, leather, and meat for Japanese textile manufactures.

A new pact with Uruguay awaits ratification; a trade mission from Mexico is expected shortly; and conferences are planned with Chile, Peru, Colombia, and Venezuela. Up to the present, Japan's trade with Latin America has not been of much consequence, amounted only to 67,000,000 yen in 1939 (Japanese exports only).

Electric power production in Japan has become so hard-pressed that it has become necessary for Tokyo to give thought to the import of finished steel products in preference to raw materials. Although steel production is at a low level—due to a coal shortage—rolling mills are unable to handle all the ingots produced, and some mills have been closed down until sufficient power is available to resume operations. Result is that Japan plans to import rolled steel products from the United States and at the same time reduce imports of scrap—in proportion to the curtailment of ingot operations.

### Shanghai

AGAINST A BACKGROUND of misery and destitution, industries under the protection of the international settlements in Shanghai are enjoying a boom second only to the big war boom of 1914-18. Main reason for the upswing is the influx of wealthy refugees since the start of the "China Incident" two and a half years ago. Their capital has aided in factory expansion and provided additional purchasing power. Many new plants were established last year, more are now under construction or in prospect. Among the new factories are four manufacturing red lead for paints and storage batteries, three making pharmaceuticals, and five making cosmetics and soaps. A large export business has developed, with the Philippines, Malaya, and the South Seas as chief markets.

many's most accessible wartime sources. In 1938 the two countries supplied about 30,000 tons or 8% of the Reich's annual needs.

The new boundary leaves the modern electrolytic plant (for refining copper) at Imatra Falls strategically exposed. It is only 10 miles within the revised Finnish frontier.

With characteristic fortitude, the Finns have begun the painful readjustment of their economy. Before the Allied-German war Finland sold 42% of her exports to Britain, 15% to Germany. As a link in the Russo-German war alliance Finland must split her exports mainly between these two countries. She hopes to get U.S. cotton and other essentials by rail via Sweden from Narvik.

Finland agrees under the treaty to construct her part of a railroad from Tornea (at the head of the Gulf of Bothnia) to Kandalakscha (on Russia's White Sea). The rails now stop at Kemijaervi about half way across Finland. The road's importance is both military and commercial. Near Tornea it connects with Swedish railways. Completed, it will give the Soviets a direct line of threat toward Swedish iron ore.

Immediate importance to Germany of such a line would be its usefulness in transporting apatite (calcium phosphate-fluoride) fertilizers from Russia's Kola Peninsula on the White Sea. Shipments would come across Finland to ports on the Baltic, thereby relieving the Baltic-White Sea canal which is needed for handling other supplies promised Germany under the February agreement.

### The Kremlin Exults

A March 19 cable from BUSINESS WEEK's Moscow correspondent reflects the Soviet's exultation over the Finnish conquest. Russia acquires nearly 10,000 square miles of territory, including three sizable cities and numerous industrial plants. The cable points out:

"The territory acquired is rich in timber industries. Included are sulphite cellulose plants at Keksholm, Pitkarante, and Enso with a total capacity of 204,000 tons annually, a paper mill at Ilkhevara with a capacity of 110,000 tons annually, and other smaller enterprises. These plants furnished a large part of Finland's pre-war exports. Some copper deposits also were acquired."

Moscow's next move is the rapid reconstruction of wrecked areas that now are Russian. While Germany has set high hopes on the new Soviet acquisitions, the Soviets are thinking first in terms of domestic needs. Country-wide Russian victory meetings pledge increased productivity and lower costs "in honor of peace."

Soviet requirements in tin and oil were not aided by the Finnish conquest. A worker's suggestion to replace tin with alloys of aluminum, zinc and copper in the manufacture of automobile parts prom-

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ises some saving and has been widely hailed. Similar efforts are under way to solve petroleum difficulties. The results of Scandinavian peace may divert some of the precious fluid from Germany.

Though petroleum production for 1939 has not been made public, the amount is estimated at something over 30,000,000 tons. This probably will be topped in 1940. By agreements signed during the past six months, Russia undertakes to export petroleum products to Germany and Bulgaria. It is thought that the impending Soviet-Finnish trade agreement and probably later understandings with Sweden and Norway will involve supplies of Russian oil. These considerations, plus the immense growth of Russian internal demands (for mechanized agriculture, military uses, and transport) emphasize the difficulties of supplying the Reich.

Finland is facing a hard peace with the same courage that carried her through a hopeless war. In New York a Finnish business executive remarked grimly:

"Finland is like a man with his toes cut off. He doesn't get around as well as he did before, but he still gets around."

An estimated 600,000 Finns are without homes. Damage to industrial works from planes, artillery, fire is placed at \$42,500,000. Contributions from sympathetic democracies will help alleviate immediate miseries. Periodically acclaimed by Americans as the only nation paying on her war debt, Finland now has in Washington credits with which to start rebuilding.

### Opportunity for American Firms

While the peace terms cut deep into Finland's productive equipment, she still retains most of her original raw resources. Probably she will prefer to build new plants rather than merely supply the seized plants now in Russian hands. Barring shipping difficulties, American firms should get some of the orders for equipment. Finland also will provide a market for construction apparatus not only for new homes and factories but for the new defense line she probably will erect along the Russian border.

Another prospect is extensive road-building. Chances are that the Soviet economic and military strategists will draw the new border without regard to interference with Finnish rail lines and roads. Probable result will be new highways for both commerce and defense. Here is another demand that ought to interest American firms.

Finland has some pulp and other wood products on hand to help pay for what she must buy. Shipping of this is problematical. Many docks, warehouses, and ships have been damaged; the ports of Hangoe and Viborg have been taken away. Moreover, the Gulf of Finland is frozen tight by a severe winter and may not be free until the first of May. Before shipping can resume, channels must be swept clear of mines now under thick ice.

## Business Week Advertisers in This Issue

March 23, 1940

ASSOCIATION OF AMERICAN RAILWAYS	31
Agency—ARTHUR KIDNER, INC.	
AUTOPOINT CO.	36
Agency—RUTHRAUFF & RYAN, INC.	
BAKER INDUSTRIAL TRUCK DIVISION OF THE BAKER HAULING CO.	30
Agency—G. M. BASFORD CO.	
BOSTITCH, INC.	20
Agency—JAMES THOMAS CHIRURG CO., INC.	
BROWN & BIGELOW	53
Agency—BROOKS WEST	
BUELL ENGINEERING CO., INC.	24
Agency—W. I. TRACY, INC.	
BURROUGHS ADDING MACHINE CO.	17
Agency—CAMERON-KWALD CO., INC.	
CENTURY ELECTRIC CO.	3
Agency—DALEIGH R. FRENCH & ASSOCIATES	
CLARAGE FAN CO.	10
Agency—W. J. WILLIAMS ADVERTISING AGENCY	
CONNECTICUT GENERAL LIFE INSURANCE CO.	31
Agency—EDWARD W. BOROOTHAM & CO.	
W. B. CONNOR ENGINEERING CORP., DOREX DIVISION	48
Agency—HAZARD ADVERTISING CORP.	
DOMORE CHAIR CO.	58
Agency—MACDONALD-COOK CO.	
DOUGLAS AIRCRAFT CO.	51
Agency—THE ESSIG CO., LTD.	
DUREZ PLASTICS & CHEMICALS, INC.	37
Agency—J. M. MATHER, INC.	
FORD MOTOR CO.	41
Agency—N. W. AYER & SON, INC.	
FRIENHAUFF TRAILER CO.	39
Agency—SCHUPPER ASSOCIATES	
GENERAL ELECTRIC CO.	12
Agency—LATHAM & NELSON	
THE B. F. GOODRICH CO.	1
Agency—THE GRISWOLD-ESHELMAN CO.	
GRINNELL CO., INC.	3rd Cover
Agency—HORTON-NOYES CO.	
HAMMERMILL PAPER CO.	2
Agency—BATTEN, BARTON, DUBITINE & OSHORN, INC.	
HOTEL MAYFAIR	50
Agency—GARDNER ADVERTISING CO.	
KEASBEY & MATTISON CO.	6
Agency—GRAE-MARSTON, INC.	
CHARLES B. KNOX GELATIN CO., INC.	55
Agency—KENTON & ECKHARDT, INC.	
KOPPERS CO.	4th Cover
Agency—KETCHUM, MACLEOD & GROVE, INC.	
McGRAW-HILL BOOK CO., INC.	54
McGRAW-HILL PUBLISHING CO., INC.	42, 43
NEW DEPARTURE DIVISION	3
Agency—J. M. HICKERSON, INC.	
NEW YORK LIFE INSURANCE CO.	35
Agency—CECIL & PRESBREY, INC.	
NEWELL-EMMETT CO., INC.	36
Agency—NEWELL-EMMETT CO., INC.	
OWENS-CORNING FIBERGLAS CORP.	28, 29
Agency—YOUNG & RUBICAM, INC.	
PORTLAND CEMENT ASSOCIATION	21
Agency—BOCHE, WILLIAMS & CUNNINGHAM, INC.	
THE POSTAGE METER CO.	45
Agency—L. E. MCGIVERA & CO., INC.	
PRUDENTIAL INSURANCE CO. OF AMERICA	38
Agency—CECIL & PRESBREY, INC.	
THE PULLMAN CO.	9
Agency—BLACKETT-SAMPLE-HUMBERT, INC.	
THE TEXAS CO.	19
Agency—NEWELL-EMMETT CO., INC.	
UNITED GAS PIPE LINE CO.	23
Agency—BOZELL & JACOBS, INC.	
VAUGHAN MOTOR CO.	8
Agency—BEAUMONT & HOUMAN, INC.	
WARNER & SWASEY CO.	2nd Cover
Agency—THE GRISWOLD-ESHELMAN CO.	
WESTERN PRECIPITATION CORP.	4
Agency—THE MCCARTY CO.	
WESTINGHOUSE ELECTRIC & MFG. CO.	25
Agency—FULLER & SMITH & ROSS, INC.	
YORK ICE MACHINERY CORP.	27
Agency—J. M. MATHER, INC.	

## THE TRADING POST

### To Make Invention Useful

A FEW WEEKS AGO BUSINESS WEEK'S editorial page paid tribute to the "Modern Pioneers," the men of science and technology who are being honored in a series of functions all over the country for contributions to national progress.

Comes now Bradon Bower of the Marine Midland banks to remind us that scientific research and invention is but the first in a series of processes that are equally essential if we are to put science actually to work in behalf of the people.

"It is well to honor these creative men" says Mr. Bower, "but our faith for the future, based upon the possibilities of scientific research, can't be a blind faith. Individual invention, organized research and the American way of life cannot be saved by any conception of research as a re-discovered Aladdin's lamp.

"New products don't flow nimbly from the inventor's midnight oil or the laboratory into use. Aluminum, as we have it, was many years aborning. So have been our plastics. The 1940 automobile is no overnight creation.

"The conversion of our inventions into economic and social usefulness requires much effort and experience to solve problems that are different from but just as specialized as those of the laboratory. For example: is there a market which can be met at a cost that is within reach of competent production and distribution management? Is the plant investment, likely to be substantial for many products and industries, warranted by the outlook? What is the pertinent trend in consumer preference? Can a non-existent use and value, perhaps, be developed by advertising, that business instrument which, at times, may seem so far removed from the laboratory?

"The competitive evaluation and assumption of these risks is an everyday function of what, in our democratic scheme of things, we call 'business.' And by the way, if anyone is skeptical as to those risks, he might put in some study on the mortality figures of the automobile industry or the statistics on commercial failures. So before we conclude that the Soviet program or some other form of economic planning is better than our own, we had better wait until those who practice it have finished borrowing the designs, the processes and the methods developed by their alleged less-enlightened neighbors, including these United States.

"Modern American business is a continuous process of research. The scientist with his test-tubes is but one important phase of it. It is no less research because it deals with that elusive substance, human nature, rather than with physical

materials. Such research is under way while some pavement-pounding salesman is trying to learn how to make his wares more acceptable. It is inherent in the continuous quest for new economies in the transport and distribution of goods. Its fruits appear in the cost-cutting ideas that are evolved in smoking foundries and on clattering production lines. And such research still is in progress when a board of directors sits down to weigh next year's program, including the appropriations for the scientific laboratories.

"As a matter of fact, we scarcely have scratched the surface of business and economic research. It is true that we have learned progressively to increase the yield from a given amount of raw material and man power. We have systematized laboratory and plant methods. We've learned much about cooperation between management and labor. We are becoming more objective in much of our thinking, including a recognition that 'business' is not a static contrivance but an evolutionary process that is changing as we human participants keep changing our ideas of what constitutes a good world to live in and how to bring it closer.

"In all this, we have but made a start: with the combined initiative of millions of people, we are in the process of learning for the future. That, it seems to me, also is research. And that is 'business' as Americans understand the term."

### Orchids

WHEN the TNEC tenders orchids to business, that is NEWS.

So it is worth recording at this point that in the seventh of its summaries of the current price situation furnished to the President by the Temporary National Economic Committee, appears an observation to the effect that "in recent months business statesmanship has reached a new high."

The occasion for this endorsement was the success achieved by business leadership in maintaining the stability of prices during a time when the European war might easily have touched off a business boom—if business men had been dominated wholly by an urge to grab off quick profits.

The Committee quotes the National Association of Manufacturers to the effect that one of the prerequisites of stable prosperity is that "prices of agricultural, industrial and commercial commodities have such a relationship as will encourage sufficient buying and selling to provide steady employment for those able and willing to work."

"In recent months," concedes the TNEC, "that principle of price statesmanship has not only been precept but practice."

W.T.C.

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**HOW TO DRINK:** Empty 1 env. (¼ pkg.) Knox Gelatine in ¾ glass of water or fruit juice, not iced. Let liquid absorb gelatine. Stir briskly, drink quickly. If it thickens, stir again.

March 23, 1940

## How Many Unemployed?

WHEN DOROTHY THOMPSON, of the *New York Herald-Tribune*, writes in her widely syndicated column that "our unemployment is 2,000,000, not 9,000,000;" when a day later Arthur Krock sponsors in his daily space in the *New York Times* the statement that the "total of bona fide unemployed in December, 1939 . . . could not exceed a maximum of 4,000,000 and was probably around 3,000,000;" when two such influential writers question the generally accepted estimates of unemployment, then the validity and reasonableness of these estimates become a national issue.

For if Miss Thompson and Mr. Krock are right, then the major problem of the present generation—unemployment—is practically solved. A moderate expansion in business would provide jobs for those who are still unemployed. But if the columnists are wrong, they are obscuring and minimizing a problem that a democracy cannot afford to ignore; and a great many persons, unversed in the intricacies of statistical analysis, will be deluded by their conclusions.

UNFORTUNATELY, neither has proved that unemployment, as we have come to know it, is a vast statistical error. The figures of the National Industrial Conference Board, the American Federation of Labor, the Congress of Industrial Organizations (C. I. O.) still stand as the best estimates we have. And though the totals differ, they do not differ so substantially as to nullify their economic value and implications. Here they are:

	Average 1939	December 1939	January 1940
Conference Board.	9,100,000	8,400,000	9,300,000
A. F. L.	10,300,000	9,100,000	10,400,000
C. I. O.	10,700,000	10,500,000	11,900,000

It is well to know that Miss Thompson and Mr. Krock derived their inspiration from a single source—as indicated by an error that is common to both of their analyses. In estimating the increase in the number of employables from 1929 to 1939, both columnists assumed a rise in population of 10,000,000 in the decade. So far, so good. But then each assumed that identical proportions of total population would be employable in both 1939 and 1929. Miss Thompson used 38% for both years; Mr. Krock, 39.6%. And that gave the former an employable increase of 3,800,000, the latter an increase of 3,960,000. But neither columnist took fully into account the effect of the changing age composition of the population.

The people in the United States are getting older.

There are fewer children today than there were 10 years ago. And whereas only 39% or so of the population constituted the labor force of 1929, today 42% of our people (55,000,000) would be listed as "gainfully employable." That would immediately put back into the unemployment statistics approximately 2,300,000 persons for Miss Thompson and 2,100,000 for Mr. Krock.

MISS THOMPSON included WPA workers among the employed; this Mr. Krock sensibly and properly did not do; and Miss Thompson assumed no unemployment in December, 1929, three months after the stock market crash, when there were anywhere from 2,000,000 to 3,000,000 unemployed. Take Miss Thompson's starting figure of 2,000,000 unemployed in December, 1939, add (1) her change-in-population error of 2,300,000, (2) her figure of 2,300,000 on WPA, and (3) her omission of 2,000,000 to 3,000,000 unemployed in December, 1929; then the "Dorothy Thompson Adjusted Estimate of Unemployment" becomes 8,600,000 to 9,600,000—not far from the "standard" December, 1939, estimates.

Now add to Mr. Krock's starting estimate of 3,000,000 to 4,000,000 unemployed the following: (1) a 2,100,000 underestimate in employables, (2) a 2,000,000 overestimate of workers employed on the farm, (3) an unexplained "loss" of 1,000,000 workers by an arbitrary lowering of his December minimum estimate of 4,000,000 to 3,000,000, and calling that minimum a maximum; then the "Arthur Krock Adjusted Estimate of Unemployment" becomes 8,100,000–9,100,000—or right up there with the Conference Board, A. F. L., and C. I. O. December figures.

This foray into the field of statistics may serve one useful purpose. Perhaps Columnists Thompson and Krock will succeed where the nation's economists and statisticians have failed—in prodding the government to collect adequate, in-between-census-years figures. And that will be to their credit.

Published weekly by McGraw-Hill Publishing Company, Inc., 330 West 42nd St., New York City. Tel. MEdallion 3-0700. Night Tel. MEdallion 3-0731. Price 25¢. Subscription: \$5.00 a year, U. S. A., possessions, and Canada. Other foreign, \$7.50. Cable code McGrawhill.

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